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Philips Will Cut 45,000 Workers

Dividend Is Held In 3-Month Loss Of \$1.26 Billion

By Sara Henley
 Special to the Herald Tribune

EINDHOVEN, Netherlands — Philips NV, a European standard bearer in high-tech competition with Japan, on Thursday announced sweeping layoffs, a huge loss and the suspension of its dividend, revealing the full depth of the six-month-old crisis at the \$27-billion electronics company.

The president, Jan Timmer, said the company would cut its worldwide payroll of 285,000 by 45,000 to 55,000 jobs by the end of 1991. Mr. Timmer, who took the helm in July after the forced resignation of Cornelis van der Klugt, said the job cuts were necessary to raise Philips' sales per employee, a key measure of cost-effectiveness. "We need to get this ratio to the level of our competitors," he said at a news conference.

He did not mention the Japanese by name, but Philips executives have insisted in the past that their main competitors are innovative, marketing-oriented Japanese companies such as Sony Corp., Hitachi Ltd. and Matsushita Electric Industrial Co.

Philips also announced that it had suffered a third-quarter loss of 2.16 billion guilders (\$1.26 billion), largely as a result of charges against earnings because of its restructuring.

The need to reorganize "makes the question of predicting this year's result academic," Mr. Timmer said. His previous forecast of a 2-billion guilder loss for the company in 1990 has been dropped.

The annual loss could be bigger, he said, as a result of further provisions for restructuring, which could also include withdrawal from markets in which Philips is weak. The company is a world leader in consumer electronics and lighting, and also makes a wide range of products including computers and semiconductors.

Mr. Timmer also said that Philips, one of the bluest chips on the Amsterdam stock market, would not pay a dividend to stockholders in 1990, after paying out two guilders a share in 1989.

"We realize that this is something exceptional for a company that has always cherished a stable dividend policy," he said.

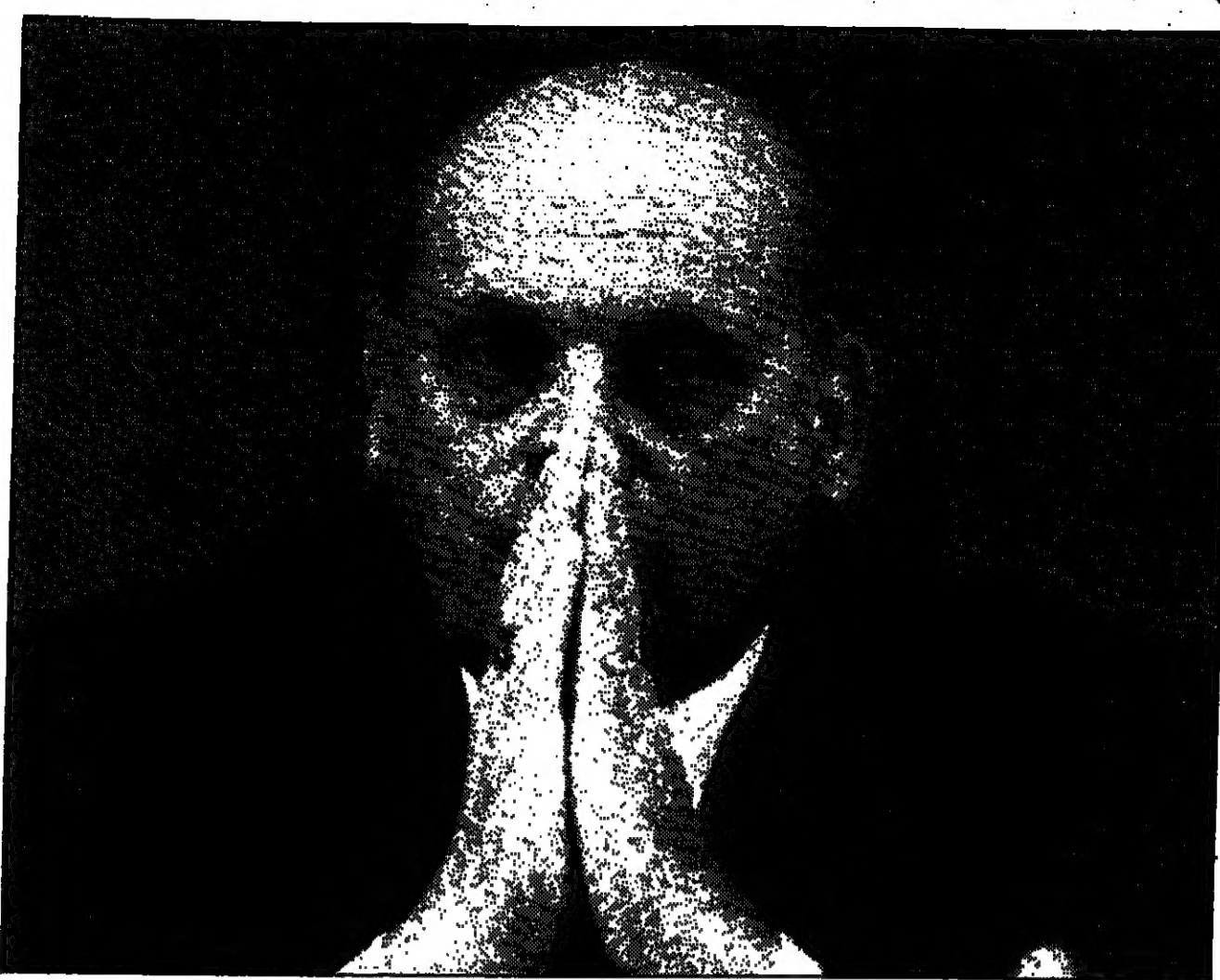
Investors reacted to the news by selling Philips stock, which closed 0.60 guilder lower at 20.20.

The dire troubles at Philips, which came into the open in May with a stunningly disappointing first-quarter earnings report, have struck a nerve among European industrialists and politicians concerned about the Continent's ability to keep up with Japan in research, development and sales of high-technology goods.

In recent months, the British computer company ICL PLC has been taken over by Fujitsu Ltd., the French and Italian computer makers Groupe Bull and Ing. C. Olivetti & Co. have suffered increasingly dismal results and the German company Nixdorf was rescued by Siemens AG.

Assessing the problems at Philips, Mr. Timmer said "there is bureaucracy everywhere." The 35,000 to 45,000 new job cuts, on top of the 10,000 jobs Philips has already said will be eliminated, will move through "top management" and

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Pondering his action, the Philips chairman, Jan Timmer, said Thursday the electronics firm would make huge layoffs by the end of 1991.

Legislators Line Up Behind Budget Deal

The Associated Press

WASHINGTON — Congressional leaders, who are virtually in agreement on major tax issues, sought spending compromises on Thursday as they neared completion of a deficit-reduction plan that has the tentative support of a majority of legislators and President George Bush.

The White House spokesman, Martin Fitzwater, said Mr. Bush was satisfied with the overall package that is emerging, although some details remained to be finalized. "There have been compromises on both sides," Mr. Fitzwater said.

He noted that the package met Mr. Bush's overall goal of a cutting \$300 billion from the budget deficit over the next five years.

Mr. Bush, who averted a partial shutdown of the government by signing a temporary spending measure to keep operations going until midnight Saturday, said it was time to get the budget crisis "behind us."

Final votes on the deficit-reduction package could come Friday in the House and the Senate. That would close another chapter in a long-running fight between the executive and legislative branches and remove the major obstacle to adjournment.

"We still have a lot of work to do," Senator Lloyd Bentsen, Democrat of Texas, the chairman of the Finance Committee, said Thursday as leaders began another series of meetings to work out the budget package.

The plan would mean higher taxes on tobacco, alcoholic beverages, airline tickets, cars, boats, furs and jewelry. A gasoline tax increase was likely and retirees would probably

have to pay more for Medicare health coverage.

Several changes, whose details were still being negotiated, would mean higher income taxes on those with higher incomes, especially above the \$100,000-a-year range.

But a provision that would have raised taxes on lower- and middle-income Americans by forgoing next year's scheduled inflation adjustment in income taxes was dropped.

Leaders of both parties embraced broad outlines of the def-

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No Limit on Buildup, Cheney Says, Hinting at 100,000 More Troops

Compiled by Our Staff From Dispatches

WASHINGTON — Defense Secretary Dick Cheney, raising the possibility of an Iraqi attack on Israel or the Saudi oil fields, indicated Thursday that 100,000 more U.S. troops and more armored units might be sent to the Gulf.

Secretary of State James A. Baker 3d is expected to go to Saudi Arabia within 10 days to secure Saudi permission for a military strike against Iraq if that option is deemed necessary, sources said Thursday.

Diplomatic sources said that Mr. Baker's decision is a strong signal that the United States was serious about its stand that President Saddam Hussein unconditionally withdraw Iraqi troops from Kuwait.

Mr. Cheney said in television interviews that Mr. Hussein might use his million-member armed forces before they were undermined by United Nations sanctions.

"As he runs out of spare parts and other key elements, he might conclude that he wants to use that force rather than see it eroded," Mr. Cheney said.

Mr. Hussein "might lash out at Israel, might lash out at the Saudi oil fields, for example, so I think we have to be prepared for that possibility," he said.

The United States has more than 210,000 military personnel in and around the Arabian Peninsula, the bulk of a 350,000-strong multinational force opposing Iraq.

Pentagon officials said Wednesday that the deployment would reach the planned level of 240,000 in three weeks. But Mr. Cheney said the administration "never put an upper ceiling on the deployment."

Asked about the possible deployment of 100,000 more troops, Mr. Cheney said: "It's conceivable

that we'll end up with that big an increase."

Mr. Cheney said the Iraqi leader "continues to accumulate significant forces that could conceivably go south" into Saudi Arabia.

"So, we think at this point that we're not yet at the position where we want to say that we've put

The embargo affects military fuel supplies in Iraq, Page 3.

Seeking to assuage donors, Jordan halts all aid to Iraq, Page 2.

Oil-futures prices shot up more than \$3 a barrel, Page 16.

enough forces into the Gulf," he said.

The White House spokesman, Martin Fitzwater, confirmed that President George Bush was leaving his options open on possible new troop deployments. "We have never indicated a number that represents a limit or a top end and we do not intend to do so," he said.

Mr. Cheney said more armored units could be sent to replace units such as the 82d Airborne Division, a lightly armed force that was among the first sent after Iraq's invasion of Kuwait on Aug. 2.

A decision on whether to send more mechanized divisions might be a clue to how the Bush administration plans to handle Iraq.

The deployment of large numbers of extra forces and tanks could indicate Washington was laying the groundwork for an attack to force Iraqi troops out of Kuwait.

Pentagon planners, noting that public-opinion polls showed a recent decline in public support for the Gulf deployment, have urged Mr. Cheney and other senior administration officials to articulate their reasons clearly should they decide to expand the force.

Mr. Cheney said the administration still hoped for a peaceful solution to the Gulf crisis but wanted to

make sure its force in the region offered Mr. Bush the option of ordering an offensive.

In Baghdad, a report on state-run television said President Hussein had decided to free 700 Bulgarians.

A joint Bulgarian-Iraqi communiqué said Mr. Hussein would allow "all Bulgarians working in Iraq or those who have completed their work in the country to travel if they wished to."

The U.S. buildup in Saudi Arabia reached a milestone with the arrival of the last elements of the 11th Air Defense Brigade from Fort Bliss, Texas. It was the last combat unit scheduled for deployment in the region, Pentagon officials said. The only remaining troops scheduled to be sent to the area are support units due to arrive over the next three weeks.

There appears to be little domestic or international support for a unilateral U.S. offensive. Barring some action by Iraq that would bring consensus for an attack, Pentagon officials and military analysts say they consider it far more likely that Mr. Bush will make small changes to the force.

The 83d Airborne is the first candidate to come home because it was the first to arrive in Saudi Arabia, and is not designed for a tank war. Also, many of its troops spent last Christmas in Panama as part of the U.S. invasion force.

Withdrawing the paratroopers "would signal that we are going to hunker down and wait right along with Saddam," an official said.

In addition, a Pentagon official said, "we'd look good bringing some people home for Christmas, even if it's in the big scheme of things it didn't amount to much."

Pentagon officials said preliminary plans called for six-month rotations for most units, which would mean the first large-scale substitutions would occur in February.

(Reuters, AP, UPI, AFP)

Blind Faith: Bhutto Didn't See Change in Pakistan

By Barbara Crossette

New York Times Service

ISLAMABAD, Pakistan — When Benazir Bhutto rose to prominence in Pakistani politics a few years ago, cartoonists quickly caught the essence of her image with a few strokes of the pen: a pair of fashionably large spectacles amid layers of Islamic shawls and scarves.

As prime minister of a country populated by conservative Muslims, Miss Bhutto later added other touches: prayer beads, a pocket Koran.

But while this woman, whom the Pakistanis came to regard as neither Eastern nor Western, tried to cloak herself in Muslim

NEWS ANALYSIS

orthodoxy as a public shield against fundamentalists, she apparently failed to see another, modern Pakistani constituency moving into her path. Now, they have collided.

When final results were tallied Thursday in an election that Miss Bhutto had hoped to win to vindicate her dismissal in August, her opponents in the Islamic Democratic Alliance claimed a clear victory, with 105 seats in the National Assembly. As many as 50 more seats in the 217-member lower house of the Pakistani parliament will be held by partners of the alliance.

The People's Democratic Alliance, dominated by the Pakistan People's Party of Miss Bhutto, won 45 seats in the voting Wednesday, fewer than half of its total in elections in 1988. Miss Bhutto's party lost ground in every province, but was hit hardest in Punjab.

Miss Bhutto asserted that the election that humbled her was "massively rigged." But political analysts, diplomats and voters of all parties were skeptical of her accusations.

There are differing opinions as to the reasons for Miss Bhutto's defeat: whether it was army strategy, the methodical tactics of an experienced bureaucracy, the newly honed organizational and managerial skills of her opposition or the growth of a more cosmopolitan, informed, demanding electorate.

But analysts agreed that the former prime minister and the Pakistan People's Party need restructuring and modernizing. If the party cannot shed its highly personalized, family-based,



Miss Bhutto at a briefing Thursday in Karachi, where she vowed that her party would fight back.

See BHUTTO, Page 4

Europe Holds Firm To Goals in Gulf

By Jim Hoagland

Washington Post Service

WASHINGTON — The U.S.-led effort to free Kuwait from Iraqi occupation continues to draw firm support in Europe amid indications of wavering American public opinion and despite President Saddam Hussein's attempts to drive wedges into the anti-Iraqi coalition by selective hostage releases.

This conclusion emerges from a survey of European officials and news media by Washington Post correspondents and is buttressed by a recently published Gallup Poll showing that an average of 70 percent of those surveyed in Britain, France, Germany, Italy and Spain support the use of force to free Kuwait if necessary.

But the informal Washington Post survey indicates that although confidence is high in much of Europe that the United States would prevail quickly in a military clash with Iraq, there is also concern in official circles about Washington's ability to manage the political aftermath in the Arab world of a successful military campaign.

"We need to be sure before moving militarily that the conditions needed to protect friendly regimes in the region are already in place," a British official said. "This is an explosive region, and we need to limit the fallout of military action

on our friends there. That is part of the reason we have been glad to see Washington take the time to get this right."

"The United States and its allies clearly have the power to make the Iraqi Army collapse in Kuwait in a few days," a French official said. "But what then? Do we stop at the border and hope that the defeat in Kuwait and an international arms embargo would be enough to contain Iraq? My guess is that is what France would urge on the United States at that point if the hostages were released. But what would the U.S. war aims be then? This is not clear."

Discussions with officials in London, Paris and Rome suggest that the important European partners in the anti-Hussein coalition generally share U.S. goals in the current confrontation stage as they have been stated by the Bush administration. These officials indicate that they view military action against Iraq as inevitable and politically sustainable in their countries.

The Gallup Poll, conducted Oct. 1-10, lends support to this view. In Britain, 86 percent of the 500 people queried said they would back force to free Kuwait if sanctions failed, while 75 percent expressed

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Kiosk

Israel Rejects New Call on Inquiry

JERUSALEM — The Israeli government rejected on Thursday a new United Nations Security Council resolution calling on Israel to reconsider its refusal to accept a UN mission to investigate the killings of 19 Palestinians at Al Aqsa Mosque.

Avi Pazner, a senior aide to Prime Minister Yitzhak Shamir, said the United States, by supporting the unanimously approved resolution, was "playing into the hands of Saddam Hussein." (Page 3.)

Slovaks Adopt a Law on Language

BRATISLAVA, Czechoslovakia (AP) — The parliament of the Slovak Republic approved a law Thursday making Slovak the official language, but protesters seeking tougher legislation demanded the resignation of lawmakers and the election of a new parliament.

The law was approved by a vote of 82 to 51 with 10 abstentions. It allows minorities to use their own language in official communications in regions where they make up at least 10 percent of the population. About 8,000 Slovaks opposed to that provision demonstrated outside the parliament as the lawmakers deliberated.

General News

Mikhail S. Gorbachev travels to France and Spain amid shifting concerns. Page 5.

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C. Itoh of Japan agreed to cooperate with German steelmaker Klöckner. Page 15.

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The Dollar in New York	
DM	1.518
Pound	1.851
Yen	128.30
FF	5.078

Where the Japanese Lag: Birth Control

By Elisabeth Bumiller

Washington Post Service

TOKYO — Hiroshi Hihara is a harried gynecologist who has a small clinic wedged in among the bars and neon signs of Shinjuku, the neighborhood that four generations of doctors in his family saw transformed from rice paddies to skyscrapers.

Dr. Hihara's great-grandfather practiced Chinese herbal medicine in Shinjuku at the end of the 19th century, and his grandfather and father were obstetricians, delivering babies in the family clinic before and after World War II.

Today, Tokyo women are too affluent and sophisticated to have their babies in such small clinics; they much prefer the big city hospitals. Dr. Hihara, in a sign of the times, does not even deliver babies. Instead, he makes his living on his infertility work and on abortions, many of them for married women whose method of contraception — typically condoms and rhythm — has failed.

Although Dr. Hihara, 42, is a member of a Buddhist temple, he considers himself, like most Japanese, not at all religious. But he says he is not comfortable with abortion. "Abortion is legal and approved by the government," he said, "and if a patient wants it, I can't turn her down. She's entitled to it. But I am not happy to do it." And yet, he performs some 200 abortions a year, and

quietly admits that his fees from abortion represent "a large portion" of his income. Japan may be the richest, most technologically advanced nation in the world, but it depends on an antiquated system of birth control that forces women to rely heavily on

The story of abortion and contraception here is about the low status of women, and about a male establishment marked by tradition and — critics assert — greed.

abortion in a society that at the same time disapproves of it.

At its core, the story of abortion and birth control in Japan is also about the low status and passivity of Japanese women, and about a male medical establishment marked by caution, tradition and — critics assert — greed. Health officials say they believe that Japan's abortion rate, although declining, is still one of the highest among industrialized non-Communist nations. One reason is the

lack of alternatives. The government bans the use of the birth-control pill as a contraceptive, and doctors do not encourage the use of sterilization, intrauterine devices or diaphragms.

Dr. Hihara, caught in his moral and economic trap, resolves his feelings in a singularly Japanese way. First, he tells each abortion patient to make an offering after the operation at any of the Buddhist temples selling miniature stone statues, or *mizuko-jizo*, which women can buy in memory of an aborted fetus.

Thousands of such statues stand on display at temples these days, and although some are for miscarriages and stillborn children, the vast majority are for abortions. Many of the statues are decorated with crocheted hats, plastic bibs and little pinwheels, all put there by women to keep the soul of the aborted fetus warm and amused.

At Hase Temple in the seaside town of Kamakura, 3,000 *mizuko-jizo* are nestled in the hillside. At Zojo-ji Temple in Tokyo, women sometimes bring the *mizuko-jizo* little stuffed animals, pacifiers or baby bottles of apple juice.

Once a month, Dr. Hihara said, he also visits a temple, although not the one to which he belongs, and makes an offering for the

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In Hussein's 'Dream': Lure Israel to Fight?

By Joseph Fitchett

International Herald Tribune

PARIS — A discussion has begun among Western government analysts on how to interpret the officially inspired rumors emanating from Baghdad about visions appearing to Saddam Hussein: Some experts now suggest that "Saddam's dream" may signal that the Iraqi leader will move to draw Israel into the Gulf conflict.

A senior French official characterized this as a "new development" — by itself not distinct enough for meaningful public discussion and yet a possible clue into the secretive Iraqi regime's plans. Despite a flurry of Iraqi diplomatic activity, including the promise to release all French hostages this week, Mr. Hussein has shown no intention of abandoning Iraq's conquest of Kuwait. The senior official said that France "still expects war" as the most likely culmination of the international trial of strength with Iraq.

Confirming that President François Mitterrand, in discussions with French opinion-makers last week, had said that war was probable, the French official denied a Paris press report that Mr. Mitterrand had said the Bush administration wanted hostilities to break out before congressional elections on Nov. 6.

"The dates in that story are phony," the official said. "We have never been given any dates" by the Americans.

"We have never even heard them mention a deadline," he added, referring to how long the Bush administration felt it could keep forces in the Gulf.

But the official said that both governments recognized that the military buildup could not continue indefinitely.

In a public comment later Thursday, the French presidential

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...and the fact that the *in vitro* and *in vivo* results are in good agreement.

Israel Says U.S. Condemnation Only Aids Saddam Hussein



A Palestinian on an empty street Thursday in Hebron, in the West Bank. A general strike was under way in the occupied territories.

By Joel Brinkley
New York Times Service

JERUSALEM — The Israeli government firmly rejected on Thursday the United Nations Security Council's latest resolution calling on Israel to reconsider its refusal to accept a UN mission investigating the killings at Al Aqsa Mosque.

The government again leveled particular criticism at the United States for joining what the government sees as the anti-Israel grouping on the Security Council.

"We are sorry that the United States supported an anti-Israel resolution because they are playing into the hands of Saddam Hussein," said Avi Pazner, a senior aide to Prime Minister Yitzhak Shamir.

The United States voted Wednesday night with the rest of the Security Council to assail Israel for refusing to cooperate with an investigation of the killing of at least 19 Palestinians.

Even though the Israeli government was unhappy with the second resolution to criticize Israel in two weeks, the government's reaction this time was deliberately muted.

The latest resolution did not contain criticism any different from the first one; it condemned Israel for using excessive force to put down rioting at the mosque.

"This is just a technical resolution, not a condemnation like the last one," Mr. Pazner said. "So the whole attitude today is much more low key."

Also on Thursday, the authorities released from prison Faisal Hussein, the leading Palestine Liberation Organization figure in the West Bank. He was arrested on charges of incitement after the killings at the mosque on Oct. 8.

Mr. Hussein said he believed the United Nations had been too easy on Israel.

"The international community is talking with Israel so softly and simply they are spoiling Israel," he said at a news conference. "And by

spoiling Israel, they are not helping anyone — especially the Israelis."

Another reason government officials did not rush to condemn the latest UN resolution was that they were preoccupied. They were anticipating the release on Friday of the independent commission of inquiry report on the killings.

Israeli press reports said that the commission's findings would sharply disagree with the government position that the police were blameless and killed the Palestinians only as a result of direct threats to their lives.

The reports said the commission would recommend the dismissal of several senior police officials, including perhaps the national police commissioner, for failing to adequately prepare for demonstrations outside the mosque that day.

The daily paper Ha'aretz said that the police had clear intelligence information that significant demonstrations were expected.

The newspaper said the report would conclude that despite that information the police did not increase their forces and, most importantly, were not deployed properly.

Several other investigations, by Israeli and Palestinian human rights groups, journalists and others came to the same conclusion.

Almost three weeks after the incident, Israel is still feeling the effects. Residents of the West Bank and Gaza Strip remained forbidden to enter Israel for the second day on Thursday.

On orders from the army, residents of the territories who normally spend weekday nights in Israel near their places of employment have, for the most part, returned home.

The army said in a statement Thursday that it had moved a large number of troops into the territories "because of indications that there is still considerable tension in the area, and the need exists to calm the situation."

Embargo Affecting Iraq's Military Fuel

Reuters

DUBAI, United Arab Emirates — The international blockade against Baghdad apparently has caused shortages of fuel additives for Iraqi warplanes and other military equipment, oil industry officials said Thursday.

Iraq began rationing gasoline to the public this week, to conserve supplies of imported chemicals and additives needed for refining. The rationing was aimed at ensuring adequate fuel for its armed forces.

But Gulf oil experts said stocks of essential chemicals were already running low because of the United Nations economic sanctions imposed after Iraq invaded Kuwait in early August. This view is based on knowledge of Iraq's refining requirements.

"Anti-icing additives for jet fuel, anti-corrosives and stabilizers for diesel fuel production must be run-

ning low in Iraq," an oil industry executive said.

Jet fuel is a kerosene-based refined oil product. Tanks, troop carriers and other land transports, including mobile missile launchers, use diesel.

The commander of Britain's force in the Gulf, Air Chief Marshal Sir Patrick Hine, said in Saudi Arabia on Wednesday that the economic embargo against Iraq was beginning to bite.

"I think we can see that the refinement of crude oil to aviation fuel, lubricants to tanks and other vehicles is becoming more of a problem," he said.

Another oil industry executive said that Iraq "might soon have problems with catalysts," which are used in refining crude oil into gasoline and other products.

Oil engineers said catalysts were used in refining heavy parts of

crude oil into lighter products, like gasoline and kerosene.

"Catalysts have to be replaced after a certain amount of time, or must be regenerated at specialist plants, otherwise their performance gradually declines," an engineer said.

Even though Kuwait's catalyst stocks could not help Iraq in the long run, an oil industry executive said.

"Nobody stores catalysts more than they need for the next replacement," he said. "Even if they had received some from Kuwait, that will not keep them going for long."

The officials also forecast problems for Iraq with other refined products.

They said Iraq had two lubricant plants, one at Basra in the south and one in Kirkuk in central Iraq, which produce so-called base oils, into which imported chemicals are blended to manufacture various

grades of lubricants used in engines and tank transmissions.

"Without specific additives there is no way to produce a lubricant," an oil industry executive said.

After the UN embargo was imposed in August, blocking exports as well as imports, Iraq's crude oil production fell to about 400,000 to 450,000 barrels per day for domestic use, down from about 3.2 million barrels a day in July.

Iraq's five major refineries have a combined capacity of more than 400,000 barrels a day. Two of them in Basra, one in Kirkuk in the north, one near Baghdad and the other in Basra.

Despite the refining capacity, Iraq began rationing gasoline for civilian use after its supply of tetraethyl lead started to run low, the Gulf oil industry executives said.

Tetraethyl lead is used to raise the octane of gasoline.

The Security Council's Resolution

Reuters

Following are excerpts from the Security Council resolution urging Israel to accept a United Nations mission to investigate the killing of at least 19 Palestinians in Jerusalem on Oct. 8. The council condemned the killings in Resolution 672 on Oct. 12.

The Security Council, ... expressing alarm at the rejection of Security Council Resolution 672 (1990) by the Israeli government, and its refusal to accept the mission of the secretary-general, ... gravely concerned at the continued deterioration of the situation in the occupied territories:

1. Deplores the refusal of the Israeli government to receive the mission of the secretary-general to the region.
2. Urges the Israeli government to reconsider its decision and insists that it comply fully with Resolution 672 (1990) and to permit the mission of the secretary-general to proceed in keeping with its purpose.
3. Requests the secretary-general to submit to the council the report requested in Resolution 672 (1990).
4. Affirms its determination to give full and expeditious consideration to the report.

Legislators Assert Right to Recall Congress in a War

New York Times Service

WASHINGTON — Congressional leaders are reserving the right to reconvene Congress in case the Bush administration decides to go to war against Iraq after the congressional session ends.

Under usual procedures, only the president can call legislators back to Washington.

But the House speaker, Thomas S. Foley of Washington, and the Senate majority leader, George J. Mitchell of Maine, said a provision would be included in an adjournment resolution allowing them to reconvene the Congress.

The two Democratic leaders also said an 18-member bipartisan group of legislators was being set up to consult with President George Bush after the session ends, probably before the end of the week.

The Bush administration has repeatedly refused to yield to demands by leading legislators that Congress should have a say in its decision on whether or when to initiate military action against Iraq.

Only 2 Solutions, Webster Asserts

Compiled by Our Staff From Dispatches

WASHINGTON — The Bush administration believes that the Middle East will not be secure as long as Saddam Hussein remains in power in Iraq unless his weapons are destroyed, the CIA director, William H. Webster, said Thursday.

"Can you put him back in his box?" Mr. Webster asked rhetorically, referring to Mr. Hussein.

Mr. Webster said the administration had "no real confidence" that the area will ever be secure again as long as he is still there unless "a regional, countervailing force is in place or 'he is disassociated from his weapons of mass destruction.'"

Mr. Webster said that United Nations-imposed sanctions against Iraq were beginning to have an effect, forcing Mr. Hussein's government "to take steps to restructure its economic program in order to feed its people and meet the needs of the military."

The sanctions, imposed after Iraq invaded Kuwait on Aug. 2, have cut off 98 percent of Iraq's oil exports and as much as 95 percent of its imports, Mr. Webster said.

Mr. Hussein long ago crushed dissent within Iraq, but Mr. Webster said that intelligence analysts

have received "encouraging reports" of some dissatisfaction within the country.

Mr. Webster, speaking at a meeting of the National Council of World Affairs Organizations, did not elaborate on the nature of the discontent and said that analysts had not concluded how significant it was.

Drawing a parallel between Mr. Hussein and the deposed Panamanian leader, Manuel Antonio Noriega, Mr. Webster noted that Mr. Noriega was able to stay in power despite a coup attempt. He was dislodged by the invasion of U.S. troops in December.

Over time, Mr. Webster speculated, there will be growing discontent with Mr. Hussein among his sides. They are the only ones with enough access to act against Mr. Hussein, he said.

The Central Intelligence Agency is forbidden by law from taking part in the assassination of a foreign leader.

Mr. Webster said it was difficult to interpret Mr. Hussein's motives because the leader is isolated, frequently taking counsel only from his brother.

But the CIA chief said that Mr. Hussein's "willingness to use weap-

ons of mass destruction, his ties to terrorist groups, his appeal to Arab and Muslim solidarity and his playing upon regional economic frustration" represent a major threat.

For the time being, Mr. Hussein appears to be reinforcing his defenses inside Kuwait, Mr. Webster said. He said he was skeptical about reports that Mr. Hussein wanted to withdraw from Kuwait with the exception of an oil field and two islands that would give him access to the sea.

Mr. Hussein's immediate goal apparently is to hold out against sanctions, hoping eventually to see fissures in the blockade against him, Mr. Webster said. He said "there is no doubt" that sanctions were beginning to take a toll.

Mr. Webster appeared to dismiss peace initiatives from Iraq.

The Iraqi leader's basic strategy, he said, "is to sit tight if he can unless he is threatened with imminent peril."

(AP, Reuters)

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Welcome To AUSTRIAN



IN REPLY TO A MILITARY CALL-UP BY MOSCOW — Mothers of conscripts killed in service in the Soviet Army holding pictures of their sons Thursday as they picketed with students at a Moscow recruiting office. The autumn call-up began Thursday.

JAPAN: On the Birth-Control Issue, a High-Tech Country Is Ages Behind

(Continued from page 1)

mimiko-jizo. He gives about \$100 to the Buddhist priest to chant a prayer over one of the statues. "Perhaps you will think I am a hypocrite," he said. "But I think it's a good thing for me to go. I am the person who performed the abortions."

Without access to the pill, nearly 75 percent of Japanese continue to use condoms and rhythm. The Japanese, in fact, use condoms more than any other people in the world. They are widely available in drug stores, supermarkets and vending machines. Housewives, if too embarrassed, can buy them from door-to-door saleswomen.

Abortion is the widely used backup. And yet, although abortions have been legal and easily accessible in Japan for more than 40 years, women who have them feel stigmatized because many Japanese, even those who accept it, regard abortion as "killing a baby."

These contradictions have become more evident in recent months. In July, the Ministry of Health and Welfare began a review

process that will most likely lead, in one or two years, to approval of the newer and safer "low dose" estrogen pill. This pill has been on the market in the United States since the mid-1970s and is taken by 60 million women worldwide. A high-dose pill is available in Japan, but only for regulating menstrual cycles and treating other disorders.

But supporters of the pill are nervous about a recent government report showing that Japan's birth rate is at a record low. The report prompted some male politicians of the governing party, who are fearful that there will not be enough young Japanese taxpayers to support social services in the future, to call upon women to bear more children.

"Japan is the only country that legalized abortion and approved family planning, but does not use the pill," said Takashi Wagatsuma, a leading obstetrician, who for two decades has lobbied for approval of the pill. "Japan is a unique country. It is almost a crazy country."

The government justifies its ban by citing the danger of side effects, but some Japanese doctors accuse

the government of trying to protect politically influential private practitioners who depend on abortion fees.

Others say the Health Ministry fears that the pill will encourage promiscuity, importing to a chastity island nation the degradation of the American sexual revolution. (In fact, surveys show that premarital sex is the norm in Japan.) Ministry bureaucrats are also known to be concerned about lawsuits, which have grown in recent years over the side effects of government-approved drugs.

Japanese feminists, who might have been expected to support the pill as another contraceptive choice for women, are also worried about the health hazards of what one

called "an invasion of artificial hormones." They have instead focused their energies on lobbying the government for more abortion rights.

Japan's abortion statistics are debatable. The government reports that 498,000 abortions were performed in 1987, or 18.6 for every 1,000 women of childbearing age. This is similar to the rate of most West European nations and well below the rate of 27 per 1,000 in the United States.

But the widespread belief in the Japanese medical community is that the government figure is too low, because many doctors under-report abortions to avoid paying taxes on the fees. A first-trimester abortion in Tokyo costs about \$800.

BHUTTO: Changes Weren't Seen

(Continued from page 1)

feudal landlord image, many Pakistanis, including some colleagues of Miss Bhutto, said, it will have difficulty changing the new military-industrial-commercial establishment now entrenching itself in power with the rise of an urban middle class.

Miss Bhutto's party was decisively outmaneuvered by the Islamic Democratic Alliance, led by Nawaz Sharif, an industrialist who entered politics as chief minister of Punjab, the country's most populous, and most developed, province.

By making President Ghulam Ishaq Khan, who dismissed Miss Bhutto on Aug. 6, the central focus of attack in its campaign, the People's Party was not alert to the more sophisticated strategies being developed by the opposing alliance in the last few weeks before the voting.

Having failed to get Miss Bhutto disqualified before the election through what turned out to be a slow-moving judicial process, the Islamic Democratic Alliance regrouped and did three things in the final days:

- It used its incumbency as a caretaker government at national and provincial levels to pour development money into constituencies still waiting for Miss Bhutto to deliver on 20 months of promises.
- It made an issue of her unimpressive record in office.
- It very successfully cast her as a disloyal Pakistani by playing up her good relations with members of the U.S. Congress and leading politicians in India.

Miss Bhutto's foreign friends be-

came liabilities here. When members of Congress wrote letters to President George Bush on made speeches asking for aid to Pakistan to be conditional on "free and fair" elections — and when Rajiv Gandhi, India's former prime minister, told a Bombay magazine that Miss Bhutto's re-election would be good for Pakistan — the politicians of the Islamic Democratic Alliance stage-managed rage at "foreign interference."

The tactic struck a chord in Pakistanis, as interviews with voters on Wednesday showed.

Miss Bhutto, meanwhile, continued to run her campaign on emotional protests of not being guilty of the charges of corruption and mismanagement invoked in her dismissal. She drummed up a populist fervor strictly on her own behalf, using Koranic language and mesmerizing chants.

The rallies became theater, attracting huge crowds without delivering the equivalent votes. The "sympathy factor" that many expected would sweep her back to power turned out to be a chimera.

The Islamic Democratic Alliance, by contrast, was working more methodically, with less drama. Mushahid Hussain, a columnist and former newspaper editor said Thursday.

"In terms of mechanics, they were very experienced," he said. In the end, Pakistanis voted on practical issues — they wanted electricity and drinking water, not redistribution or the resignation of the president. When the issue of foreign influence was introduced, it was turned into a striking patriotic plea to stand up for Pakistan.



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Fleming House, 20 Danvers Street, Chelsea was formerly the home of Alexander Fleming, the discoverer of penicillin and forms part of the Sloane Stanley Estate.

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In Search of Help, Gorbachev Visiting Spain and France

International Herald Tribune
PARIS — President Mikhail S. Gorbachev, paying official visits to France and Spain this weekend, is very likely to find that the focus of interest has shifted to what the Soviet Union can do in the Gulf from what the Soviet Union will do in Europe, diplomats said Thursday.

They added that Mr. Gorbachev, whose European visits triggered exultations of excitement known as "Gorbymania" as recently as this spring, arrives this time looking for European help.

In an effort to bolster Mr. Gorbachev's eroding domestic position, Spain and France have agreed to Soviet requests to sign bilateral political agreements — a treaty with France and a joint declaration with Spain — and to pledge economic help for Moscow.

Even if Mr. Gorbachev has little left to give or deny in shaping Europe's future, officials said, his political survival offers the best hope of avoiding a Soviet collapse that no European leader wants.

"What he needs is to come away with some signed political accords and economic promises that he can wave when critics at home accuse him of giving away Soviet positions in Europe," said an aide to President François Mitterrand of France.

A Spanish official said: "It's a

question of providing reassurance for Mr. Gorbachev and perhaps even successor leaders in Moscow that the West appreciates the new policy orientation that they have undertaken at such cost."

The agreements to be signed with France and Spain are part of a web of accords on peaceful cooperation leading up to a meeting next month in Paris of the Conference on Security and Cooperation in Europe. At the meeting, 34 nations, including the United States, will officially bury the Cold War divisions of Europe.

None of the Western accords and assistance approach the scale of the West German agreements with the Soviet Union last summer before German reunification.

While Bonn says that its security guarantees to Moscow are in line with the North Atlantic Treaty Organization's new approach to East-West relations, other European nations, more remote from the Soviet border, have carefully remained more vague.

French officials, without criticizing Bonn, said they have avoided commitments that could infringe upon future European defense arrangements, closer integration of the European Community or links with the United States through NATO.

The extent of change in the Soviet Union's international position can be measured by the U.S. equanimity at the possible effect on the Gulf crisis of the Gorbachev-Mitterrand meeting.

France and the Soviet Union have sought, in different ways, to keep a line of private communication to Baghdad, but U.S. officials said that they were confident of being kept fully aware of both countries' dealings with Iraq.

It is the extent of Soviet backing for the anti-Iraq coalition in the Gulf — and not future European security issues — that will get most attention during Mr. Gorbachev's visit to Spain, and even more so in France. He begins his visit to Spain on Friday and he will arrive late Sunday in France for a 24-hour stay.

By timing Iraq's release of all the French hostages to coincide with Mr. Gorbachev's meetings with Mr. Mitterrand, President Saddam Hussein seems to be gambling that he can split at least one European country away from the U.S.-led coalition.

But U.S. officials said that they sensed no change in the close diplomatic coordination between Washington and Paris.

A major Soviet initiative is not in the cards, they said, because of Moscow's weakened global role as Mr. Gorbachev has looked increasingly to the West for help.

Western officials, while crediting Mr. Gorbachev with a well-managed geopolitical retreat from Eastern Europe, said that the Soviet position in Europe has been under-



A worker in Madrid fastening the royal emblem to Spanish and Soviet flags in preparation for Mr. Gorbachev's arrival Friday.

mined more than expected in recent months by the revelations about the depth of the Soviet Union's economic problems and challenges to Moscow's authority.

The reversal in Soviet prestige was to some extent inevitable as Mr. Gorbachev's concessions over Germany and Soviet military power in Europe deprived Moscow of its old levers of power.

— JOSEPH FITCHETT

Pregnancy at 50? Yes, With Donated Egg

By Gina Kolata
New York Times Service
NEW YORK — Researchers have shown that older women who have gone through menopause can easily become pregnant using donated eggs.

The results, published Thursday, give women who have been considered hopelessly infertile a second chance, the researchers said.

"It turned their lives around," said Dr. Mark V. Sauer of the University of Southern California, who led the study group.

Dr. Sauer and his university colleagues reported in *The New England Journal of Medicine* that five of seven postmenopausal women 40 to 44 years old became pregnant and gave birth to healthy babies.

One of the women gave birth to twins. One of the two remaining women had a stillborn baby and is trying again, the researchers said. The other had a miscarriage.

This is the sort of pregnancy outcome that would normally be ex-

pected in younger women with no fertility problems, Dr. Sauer said. The eggs for the older women were donated by younger women and fertilized in the lab with sperm from the older women's husbands, then implanted.

"So long as the woman is in good health," Dr. Sauer said, "there is no reason why she shouldn't be able to do this. There may be 50-year-old women who should be able to do this."

Dr. Marcia Angell, an editor at the journal, wrote in an accompanying editorial: "The limits on childbearing years are now anyone's guess. Perhaps they will have more to do with the stamina required for labor and 2 A.M. feedings than with reproductive function."

Dr. Joseph Schulman, director of the Genetics and IVF Institute in Fairfax, Virginia, and a pioneer in laboratory fertilization, said the upper age limit for pregnancy was "in the 50s, certainly."

The findings were the latest in a series of technical advances in the last 12 years that have enabled doctors to help women have babies.

Doctors used donated eggs in recent years to help women in their 30s or younger who had gone through menopause prematurely.

But most researchers had been reluctant to try this fertilization method in older women. They thought that in a woman older than 40, the uterus was not as capable of sustaining a pregnancy.

Women in their 40s miscarry half of their pregnancies, Dr. Sauer said; those in their early 30s miscarry 15 percent.

In the new study, the researchers found egg donors through word of mouth. Donors were paid \$1,500. They had their ovaries stimulated with hormones to produce as many eggs as possible.

At the same time, the infertile women took hormones to simulate a menstrual cycle that was synchronized with the cycle of the donor.

The eggs were fertilized and implanted in the uterus of the infertile women. The doctors then gave the women hormones throughout pregnancy to make up for hormones that their ovaries would have produced if they had not gone through menopause.

To the investigators' surprise, the main reason that older women have a harder time having babies is that their eggs are deteriorating, not, as had previously been assumed, that their uteruses are less capable of sustaining a pregnancy.

This means, infertility experts said, that women who are in their early 40s and who are still ovulating, yet who are having great difficulty getting pregnant, might do better if they used eggs donated by younger women.

"Our feeling," Dr. Sauer said, "is that the biggest interest in these results will not be women over 40 who have failed to get pregnant with other technologies."

Panama Files \$6.5 Billion Suit Against Noriega

By David Johnston
New York Times Service

MIAMI — The government of Panama has filed a \$6.5 billion civil racketeering lawsuit against Manuel Antonio Noriega in a U.S. federal court, contending that the former Panamanian leader betrayed his country through murder, fraud and theft.

The lawsuit charged that Mr. Noriega and his associates operated the Panamanian Defense Forces as a criminal enterprise that engaged in assassination, torture, diversion of government revenue, illegal sale of visas and other abuses of official power.

Mr. Noriega's chief lawyer,

Frank A. Rubino, denied the charges. The suit, filed Wednesday, appeared to pose another serious problem for Mr. Noriega, who has been in custody since January awaiting trial on U.S. drug trafficking and racketeering charges.

Mr. Rubino asserted that the suit was an effort by the Panamanian government, along with U.S. prosecutors, to prevent Mr. Noriega from financing an adequate defense in the criminal case.

He said the suit was likely to make it more difficult for defense lawyers to obtain money for Mr. Noriega's defense from the \$20 million in overseas accounts that were

frozen after the United States invaded Panama in December 1989.

Gregory B. Craig, a Washington-based lawyer representing the government of Panama, said that Panama was seeking \$500 million in actual damages, which could be tripled under the U.S. racketeering law invoked in the suit.

The suit also asked for \$5 billion in punitive damages.

■ **Ex-Police Chief Returns**

Panama's former chief of police, Colonel Eduardo Herrera Hassan, returned to the country Wednesday from Peru. He denied charges that he was involved in a coup conspiracy but asserted that that there was

widespread discontent with the government of President Guillermo Endara. Reuters reported from Panama City.

Colonel Herrera was accused last week of leading a coup attempt against Mr. Endara's U.S.-installed government, but no warrant was issued for his arrest. After speaking to reporters Wednesday, he was taken to police headquarters for questioning, said his wife, Xenia.

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Soviets Explode Nuclear Device, First in a Year

United Press International

MOSCOW — The Soviet Union has exploded a nuclear device underground at its Novaya Zemlya test site near the Arctic Circle, ending its own moratorium on nuclear testing.

The explosion Wednesday at the site on an island in the Barents Sea was the Soviet Union's first test in about a year. The device had a yield of 20 to 150 kilotons, in compliance with a testing threshold treaty, the Tass press agency said.

The test came as Viktor Mikhailov, deputy minister of atomic energy, said the Soviet Union had been jeopardizing its security by observing a yearlong moratorium on testing while the United States continued such tests.

"Is this political risk justified in our time?" Mr. Mikhailov told Pravda, the Communist Party newspaper. "The Soviet Union's unilateral nuclear disarmament can only lead to a U.S. monopoly."

Mr. Mikhailov's equation of a West ban with "nuclear disarmament" appeared to support U.S. claims that such explosions are necessary to ensure the reliability of atomic weapons, an assertion long refuted by Moscow.

Senate Bars Rule on Art Standards

New York Times Service

WASHINGTON — After a heated debate about the government's role in setting artistic standards, the Senate has adopted a bipartisan compromise that would leave judgments about obscenity and pornography to the courts.

The vote of 73 to 24 followed a session Wednesday in which Senator Jesse Helms, Republican of North Carolina, deplored what he called federally subsidized "shame and sleaze," while others assailed government censorship as they de-

bated restricting federal grants for works deemed obscene and pornographic.

The measure is similar to one approved by the House of Representatives last week. Both bills would require recipients of grants from the National Endowment for the Arts to renounce the money if they are convicted of obscenity.

White House officials have suggested that the administration would go along with the compromise.

Michael Goldsmith, 68, Dies, Associated Press Reporter

The Associated Press

PARIS — Michael Goldsmith, 68, an Associated Press foreign correspondent for 45 years who covered wars in Africa, Asia and the Middle East, died Wednesday of a massive stomach hemorrhage in a hospital in Grasse, southern France. He suffered a stroke on Oct. 1 and was hospitalized again Sunday after a relapse.

Mr. Goldsmith's most recent post was as North Africa correspondent; he was based in Paris but traveled frequently. Earlier, he served in Geneva, part of his time there as bureau chief.

This year, Mr. Goldsmith spent five weeks in Liberia covering the civil war. He was detained and beaten by government soldiers on Aug. 12.

Later in the summer, Mr. Goldsmith attended the Venice Film Festival for the premiere of a movie by the German director Werner Herzog about the deposed dictator of the Central African Republic, Jean-Bédel Bokassa. Mr. Goldsmith had served as an adviser on the film and had interviewed some of Mr. Bokassa's relatives.

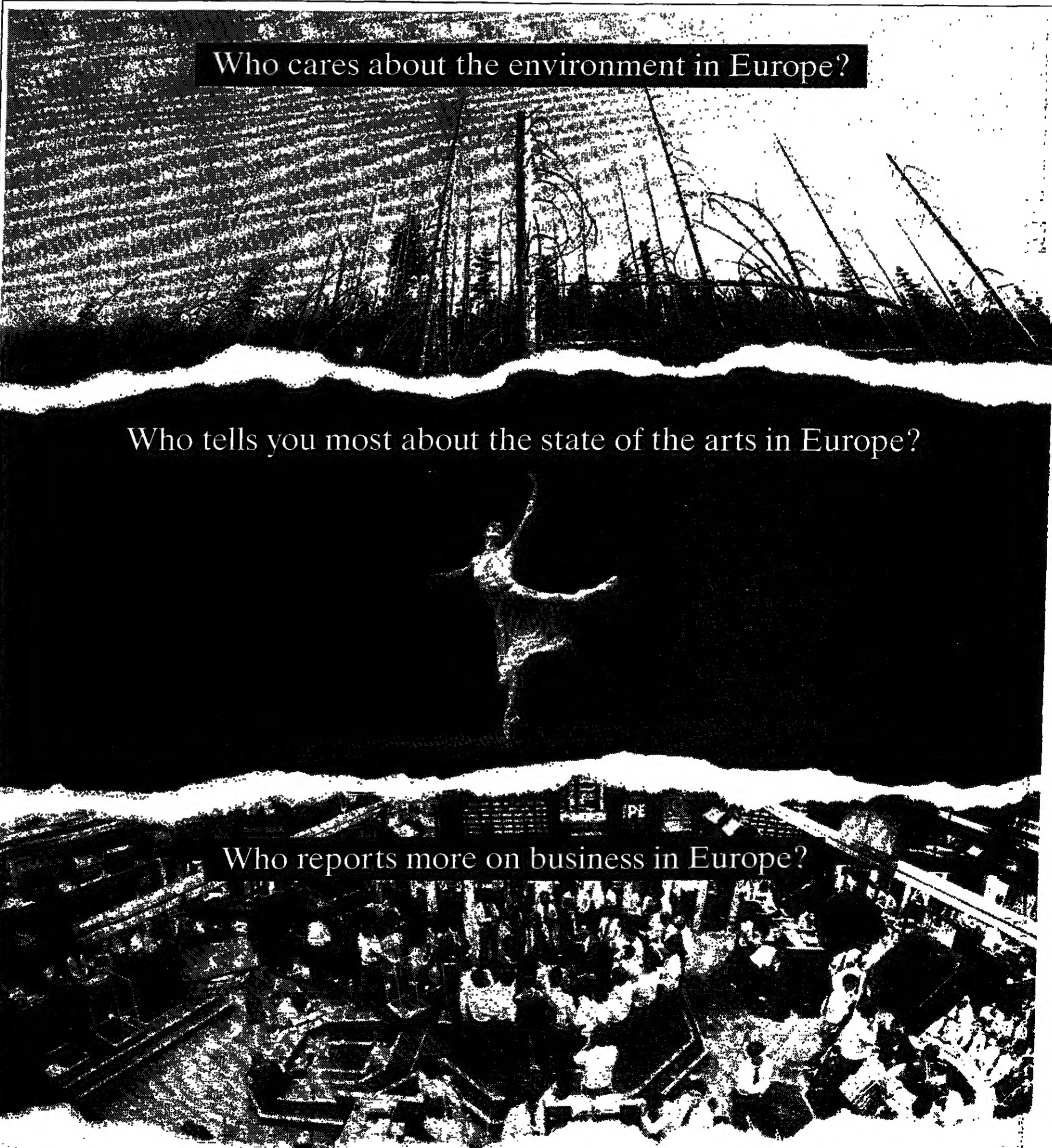
In 1977, Mr. Goldsmith was on assignment in Bangui, the Central

African capital, covering Mr. Bokassa's coronation as emperor when he was arrested and accused of spying. He was beaten unconscious by Mr. Bokassa, two of his sons and a group of aides. Despite this attack, Mr. Goldsmith kept in touch with the deposed emperor, who was exiled to France.

Peter Guertler, 44, Owner of Hotel Sacher

VIENNA (AP) — Peter Guertler, 44, owner of the Hotel Sacher in Vienna and the former husband of Helene von Damm, who was ambassador to Austria for a few months during the Reagan administration, committed suicide Wednesday.

Mr. Guertler owned two top-class Vienna hotels including the Sacher, which is famous for its chocolate Sachertorte. The police said he shot himself in his hunting lodge in Pernitz, 50 kilometers (30 miles) from Vienna. Mrs. von Damm was Mr. Guertler's second wife. They married while she was ambassador in 1985. She resigned a few months later, citing the appearance of a conflict of interest. They divorced less than two years later.



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Education in the U.K.

Training Future Citizens of the World

International schools and colleges — particularly European ones — are riding the crest of a wave. Political changes throughout the world and the upcoming single market in Europe have combined to dramatically increase interest in the benefits of an international education.

According to Derek Malpass of the European Council of International Schools, many parents of all nationalities now want a more broadly based

The I.B. is now a standard degree

education for their children. "Internationalism is considered increasingly important as the world, particularly Europe, changes, and schools have come to reflect this new diversity," he says.

International schools, which typically have students from 50 or more countries, are now trying to be far more than just national schools abroad.

"International schools, many of which began life in inadequate premises as temporary solutions to the educational difficulties of expatriate life, have, over the years, become fine, well-established institutions with excellent physical facilities and enviable academic records," Mr. Malpass points out.

Many international schools in Europe have selected the International Baccalaureate (I.B.) as a common standard. The I.B. program is a two-year

preuniversity course designed to facilitate the mobility of students and to promote international understanding.

Although well-established at international schools on the European continent, the I.B. method is only just catching on in Great Britain, where international schools have traditionally concentrated on providing an American education.

U.K. schools that currently offer the I.B. include Southbank, the International School of London, the American Community School, Marymount and Saint Clare's at Oxford.

Milton Toubkin, headmaster of Southbank, the American International School in London, says that demand for an international education is growing as the school's student body becomes more diverse.

"Our school is becoming more international in both the student-body profile and the curriculum. The foreign population in cities like London is less American than it was 10 years ago, and an increasing number of Scandinavian and Japanese parents are choosing to send their children to

international schools." He adds: "An international education enables students to fit into universities wherever they choose to go."

Southbank is particularly international in its student body. About 30 percent of the school's students are British, 20 percent American, 20 percent Scandinavian and 12 percent Japanese. The remainder represent about 30 different countries; an I.B. program was seen to be the most workable for such a diverse group.

The I.B.'s main advantages are that it is exam-based (allowing for standardized ranking of students' levels of expertise) and is recognized by virtually all U.S. and European universities. An I.B.-aimed program's disadvantage is its high implementation costs; many smaller U.K. schools consider it too expensive to start up.

In spite of the growing popularity of the I.B., American diplomas are still being sought by many students in Europe. Mary Langford of The American School in Switzerland (TASIS) observes that most students at the U.K. campus of TASIS want to continue their education in the United States.

"Internationalism is increasingly attractive to students, and the I.B. system is excellent if administered properly," Ms. Langford says, add-

ing: "But a lot of people want to go on to American universities, and schools that teach in accordance with the American preparatory system are still seen as the best preparation."

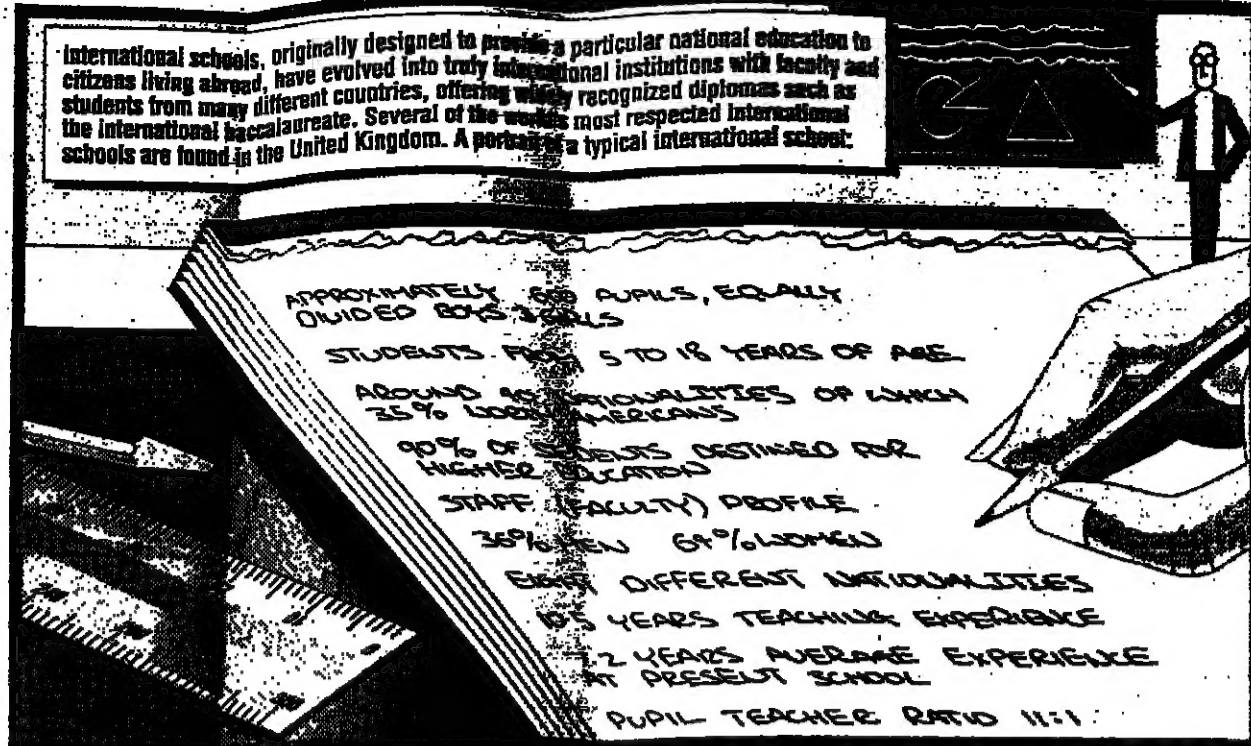
In addition to its college preparatory diploma, TASIS provides an international diploma for non-native speakers of English.

Students with an international high-school education often choose to attend an international college in Europe. Schiller International University, one of the best-known international colleges in Europe, has centers in London, Paris, Heidelberg, Madrid, Strasbourg, Switzerland and Florida.

Originally designed to provide undergraduate and graduate education for American students, Schiller now has students from all over the world and emphasizes language and cultural training.

Other institutions provide short-term programs, such as New York state-based Ithaca College, which offers a first-year program of introductory courses in humanities and the sciences at its London campus.

English remains the language of choice in international higher education, and most international schools and colleges provide English-language training for their increasing numbers of students who are non-



SOURCE: European Council of International Schools; M. Matthews

native speakers of English.

According to Sheila Riley of New England College in London, international colleges are receiving more and more non-U.S. students, al-

though most continue to use the American diploma curriculum.

"About 60 percent of our freshmen are American, while the remainder are from 18 countries. The number of foreign

students is growing," says Ms. Riley, adding that at New England College students can earn an American Bachelor of Arts degree in business administration, economics, English, inter-

national administration or political science.

As students of the 1990s prepare for the "global village" of the coming decades, interest in international education seems certain to grow.

English-Language Courses More Practical

Many non-native English speakers lack the ability to use the language in a truly effective way.

According to Kate Naameh of the London branch of International House, demand for English-language courses

London top choice for foreigners

has increased enormously in the past few years, particularly among students and executives.

"A lot of people have an educational background in English but do not have the language skills necessary to speak

English at work. We provide a very intensive course for business people as well as in-company classes, and these have been very popular," Ms. Naameh says. International House also provides teacher training, as well as a general English program that attracts about 3,500 students a year, most from other European countries, many of whom want to enter English-language universities.

Britain has long attracted foreign students, and, in order to enable their students to successfully complete academic courses in English in the future, most international schools have established English as a Second Language (ESL) departments. Paralleling the increased importance of ESL programs are moves by some schools to establish bilingual tracks offering education in English and French, English and German, or English and Spanish, for example.

This system has been the subject of some controversy but is one practical way of preparing students for a single European

market and a more global business environment.

London is still the top location for most international students choosing to study English in Britain. International House, Sels College (based in Covent Garden and specializing in small classes of between five and nine students), the Regent School, Pitman and the London School of English are among London schools specializing in English courses.

For students who prefer smaller cities or intensive, short-term programs, there are options such as the English Language Activity Holiday (ELAH), which offers summer courses at the Cranbourne Chase School in Wiltshire.

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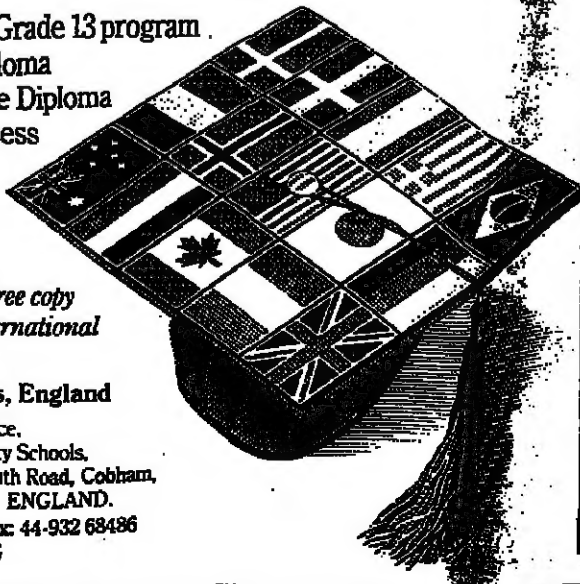
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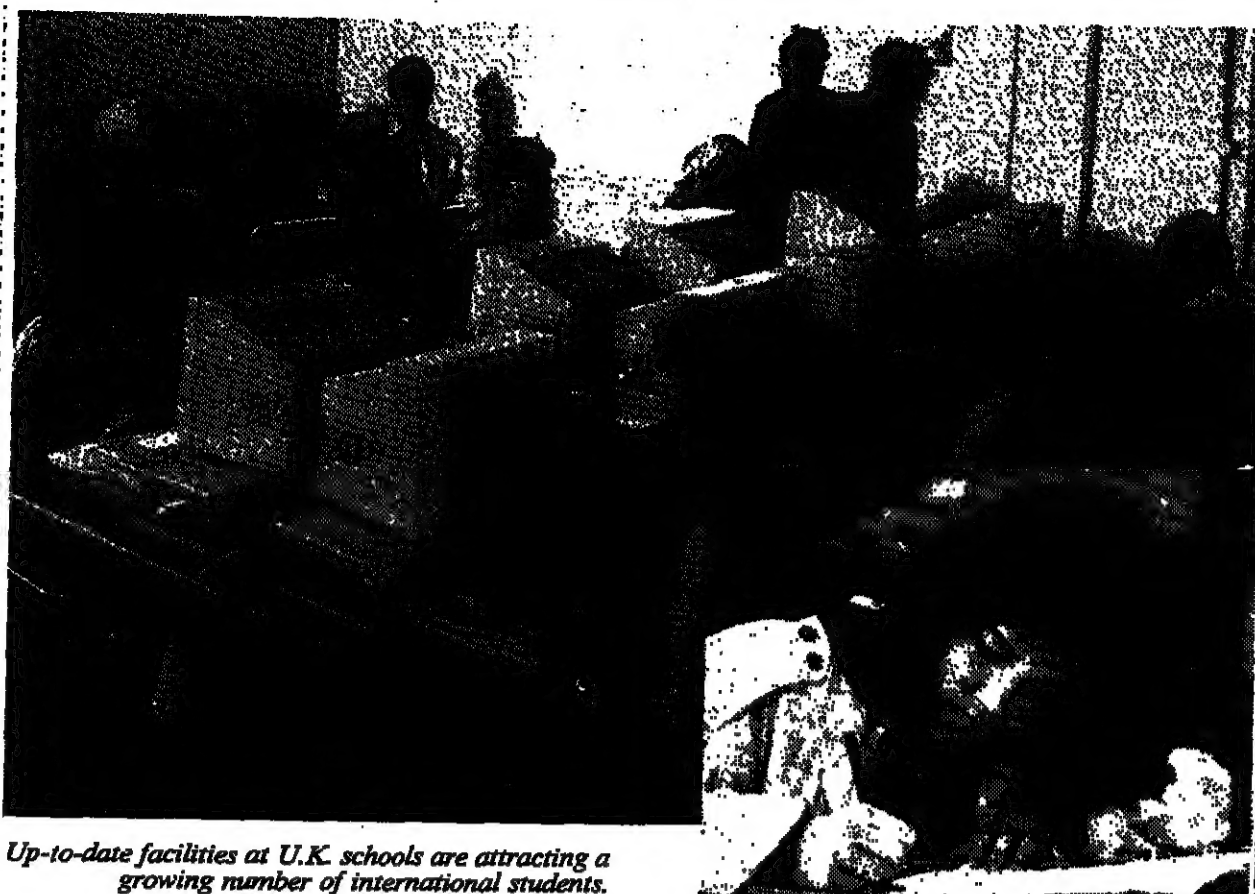
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• The American Community School — the largest American/International School in Europe — has two campuses, each just a few miles from central London. The college-preparatory program is geared to American universities, while the international baccalaureate

the world attend programs during a typical year. Commenting on the school's goals, Professor Leo Murray, Cranfield's director, says: "Managers face ever-increasing challenges in the modern world, and our task at Cranfield is to equip them to fulfill their roles to the very best of their abilities."

Programs now more international

diploma is geared to British and European universities. Children aged 4 to 18 of any nationality may attend the school. At the Surrey campus, a dormitory for children aged 12 and older was opened in fall 1988, and the newly completed middle school block is to be officially opened on November 9. A new high school block is under construction, to be completed in 1992.

• Cranfield School of Management is one of Europe's leading university business schools. Located 60 miles north of London, it is linked to the only postgraduate university in the country, Cranfield Institute of Technology. The School of Management specializes in post-graduate, post-experience management development through MBA and short-course programs, research and consultancy. Established in 1967, the school has developed to the point where more than 350 postgraduates and 3,500 managers from all over

• TASIS England American School has recently completed several projects. New facilities include an International Center for ESL students that contains classrooms, a language laboratory and a resource room/study area. A new lounge in the Orangery exclusively for students living on campus provides an area for playing games, watching television or meeting other students. Four new tennis courts have also been built. The recently completed Rummymede Hall, a self-contained middle school building, contains 12 new classrooms, two purpose-built science laboratories, a conference room, teacher-work rooms and the TASIS computer center. TASIS England reports a record enrollment of 650 students this year.

• The London Business School, created in 1965 to provide a "center of excellence" for management



Contact with a variety of cultures helps students prepare for a global marketplace.

education in Great Britain and now headed by George Bain, reports a marked increase in the internationalization of the school's faculty, students and curriculum. More language courses, more international case material and more courses with an international outlook (international financial management, international strategy, managing East European operations and international environment are among the school's offerings). LBS's International Exchange Program is growing, with more students spending one term at one of the foreign schools accredited

by LBS. All students make an overseas "study trip," during which they have the opportunity to evaluate several dozen companies in one geographical area (in 1990, San Francisco for the part-time students and Hong Kong for the full-timers). Many students also travel to Eastern Europe (as part of a special elective course) to bring hands-on managerial expertise to local firms.

This advertising section was written by Aline Sullivan, a free-lance writer based in London.

Pan-European Programs Expanding

The result of the new internationalization of business has been a remarkable growth in the number of undergraduate and graduate management courses available throughout Europe.

Single-market aims affect curricula

About 60 such programs are now available in the United Kingdom, the most popular of which offer students the possibility of studying in more than one European country.

The European Business Management School, the U.K. arm of Groupe EBS, offers a four-year diploma course in European business management. Groupe EBS now has campuses in Andorra, London, Paris, Brussels, Madrid and, as of November, Milan. According to Paul Bullock of the

European companies are now eager to recruit qualified executives with a solid grounding in international management and language training.

London EBS center, the program provides excellent training for future European managers, since students are required to attend centers in at least two different countries.

"The individual centers are a reflection of the regionalization that is taking place in Europe," Mr. Bullock says. "Each school in the group takes in its own students, who go on to other centers in their third year, and each school has a focus — Madrid has links with Latin America; London provides a background in Anglo-American business."

Groupe EBS expects that by 1992 students will be able to elect to begin

their studies in the center of their choice and that attendance will be determined by a common entrance exam. The London branch is expected to benefit most from the new system because of the attraction of English-language training.

The European Business School, also in London, offers a four-year diploma course in European administration through its centers in the United Kingdom, France, Germany, Italy and Spain. According to the European Business School's Diane Reece, the pro-

gram offers a unique structure that combines formal courses in business, languages and managerial skills with a minimum of 48 months of in-company experience in at least three European countries. Each student spends one year abroad, dividing the time between two of the other centers.

Graduate business study is also becoming more popular, with several MBA programs now available. For those who wish to continue their business studies, Cranfield School of Management, Glasgow University and the U.K. arm of the Saint Louis-based Webster University all offer the MBA in addition to undergraduate business programs.

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The Dangers of Peace

Imagine that one fine morning, Saddam Hussein withdraws his occupation forces from Kuwait, unconditionally and unilaterally. No bloody battles. No poison gas attacks. No allied bombing raids against Iraqi cities with huge civilian casualties. President George Bush's explicit public demands for withdrawal would then appear to have been met. Why do Pentagon hawks call this their "nightmare scenario"?

Because they rightly fear that such a withdrawal would quickly undermine the global alliance of countries that has formed to stand up against Iraq's aggression—and leave Saddam Hussein's intimidating military might intact.

Worse, it is possible that Iraq would reach an understanding with certain neighbors that allowed it to keep parts of Kuwait as a reward for pulling out, as Saudi Arabia's defense minister has hinted.

How could the world, and especially other Arab neighbors, ever believe that, on some other fine morning, Saddam Hussein would not launch some new aggression? It could not believe it, but that is no reason to think of peace as a nightmare. If the international embargo succeeds in squeezing Iraq out of Kuwait, the logical consequence is containment. The outcome is not for Saddam Hussein to dictate; the world can set its own tough terms for ending this crisis.

An effective containment policy would have to include three physical elements. The first is to maintain a credible military force to protect Kuwait and other border states against a future invasion. This need not be American, and indeed would most sensibly consist of troops from Arab nations.

Second, even as American troop totals are gradually reduced, U.S. forces could continue to play an important role, from ships and in frequent joint military exercises with Iraq's neighbors. And the United States would undoubtedly provide them with the arms necessary to deter Iraq.

Meanwhile, to be credible, containment would also have to involve measures inside Iraq. For instance, the global alliance could insist on inspection of Iraq's several nuclear installations by international teams. The allies could insist on limiting the sale of warplanes, missile technology and delivery systems, perhaps accompanied by the right to conduct spot inspections.

Iraq, having violated internationally recognized rules of sovereignty, can fairly be required to accept such terms.

Containment is not only a military proposition. It needs to be accompanied by a diplomatic strategy like the one President Bush suggested at the United Nations.

That means undertaking efforts to resolve longstanding disputes over the oil fields straddling the Iraq-Kuwait border and over strategic islands in the Gulf. Iraq's neighbors could agree to mediate these territorial disputes—but only after an unconditional pullout from Kuwait.

A peaceful outcome cannot be guaranteed. Prudence requires that the allies be militarily and psychologically prepared for war. But prudence also requires that they be strategically prepared for the possibility of peace. Iraq withdrawal followed by a just and vigilantly maintained peace need be neither a rapid dream nor a shattering nightmare.

—THE NEW YORK TIMES

Curbing Chemical Arms

For years the United States did nothing while Saddam Hussein used chemical weapons, first in his war with Iran and then against Iraq's Kurdish citizens. Now U.S. troops face a chemically armed Iraq in the desert and Congress is about to vote to impose mandatory sanctions on countries that produce, acquire or use chemical weapons. How can President George Bush, of all people, be threatening to veto the bill?

Mr. Bush has pledged to rid the world of the scourge of chemical weapons. And he is negotiating a global treaty to do just that. But Secretary of State James Baker says mandatory sanctions limit the president's discretion. What a bizarre time to stand on ceremony. Congress is right to enact the legislation, and the president would be wrong to veto it.

Sanctions legislation had long bogged down in jurisdictional disputes between committees of Congress. Finally a House-

Senate conference has agreed to tough sanctions in the Export Administration Act.

The act bars foreign companies that help countries develop chemical weapons from selling goods in the United States. Further, once the president determines that a country has used chemical or biological weapons, he must apply sanctions. The list of all people, he threatening to veto the bill?

Mr. Baker says the bill limits administrative flexibility to impose or waive sanctions. But the president could waive sanctions after a year if he determined that was important for national security. In the meantime, mandatory sanctions would send a strong message that America is serious about curbing the spread of chemical weapons. This is a very good time to send such a message, and a very good cause to get serious about.

—THE NEW YORK TIMES

Puerto Rico: Decide Now

For two years now the people of Puerto Rico have been stung along by some politicians — both at home and in Congress. They were led to think they would be allowed to conduct a referendum on what, for better or worse, is a leading issue in their politics: the island's relationship to the United States. The choice would be between the alternatives symbolized by the three Puerto Rican political parties — independence, statehood or a continuation of the mixed commonwealth status.

Each party endorsed the idea, which none could afford to oppose and from which each sensed a possible advantage. The politicians here also professed support; they might in a time when they were urging and giving speeches celebrating self-determination in so much of the world. But the complicated Puerto Rico question was never high on the congressional agenda and the bill has foundered over terms.

The Senate Energy and Natural Resources Committee approved a version last year providing for a "self-executing" referendum. Whatever the Puerto Rican people voted for would automatically take effect. That required spelling out the three alternatives in considerable detail — the changes

they implied in everything from taxes and benefits to the application of environmental and other federal laws. But the energy and other committees with jurisdiction differed on these definitions, and no legislation has reached the floor.

In the House, the interior committee rightly sensed that the all-important details could not be worked out in advance, if only because Congress had never focused on them. The panel therefore decided on, and the House approved, a less ambitious referendum as the first step in a longer process. The Puerto Ricans would choose among the three alternatives, broadly defined. Congress would then spell out the winning alternative in full, which would take effect only if finally approved in a second referendum.

This defusing of the process is a good idea that the Senate should accept. Energy chairman J. Bennett Johnston, a Louisiana Democrat, says there is no time, but procedural shortcuts are taken all the time at the time of a Congress. Congress would not be committing itself, only keeping alive a process that in Eastern Europe or the Baltic states it would be heartily endorsing. Senator Johnston should reconsider.

—THE WASHINGTON POST

A Minor S&L Outrage

As outrages go, the Senate Select Committee on Ethics has committed at most only a minor one by delaying any decisions on the S&L case. Perhaps it will turn out to have been no outrage at all.

The committee is looking into the role of the five senators who intervened several years ago with federal regulators in behalf of Charles Keating and his Lincoln Savings and Loan Association, which has since collapsed at enormous cost to the taxpayers. But the five intervened with very different degrees of force and persistence. Last month the committee's special counsel recommended no further action against John McCain, an Arizona Republican, and Democrat John Glenn of Ohio.

Since then, both have been pressing the committee to drop them from the investigation before the elections. Instead, the committee has decided to hold full hearings, including all five senators, after the elections. Republicans angrily charge that the Democrats on the committee are playing for partisan advantage. Senator McCain is the single Republican among the five.

But two things are worth noting. First, none of the five is running for re-election

this year. The charge of partisanship assumes that Senator McCain's involvement somehow rubs off on other Republicans — and that is not very plausible. Second, the committee's six members are evenly divided between the two parties, and it cannot act on a purely partisan division.

The committee has a responsibility to lay out fully and accurately this important part of the explanation of the S&L disaster. It is doing what the Senate Banking Committee might better have done, were its chairman, Donald Riegle of Michigan, not also one of the Keating Five — along with Alan Cranston of California and Dennis DeConcini of Arizona, the two who, according to information so far available, were by far the most active and zealous in responding to Mr. Keating. This tremendous series of S&L failures happened because the S&L industry succeeded in capturing the agency that was supposed to regulate and police it. The pattern of congressional participation is increasingly clear. When will someone get around to the other half of the story, the part played in the affair by the Reagan administration?

—THE WASHINGTON POST

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To Face New Risks, a More European NATO

By Frederick Bonhart

BRUSSELS — NATO is facing an identity crisis. Having won the Cold War, it now risks being the victim of its own success. Its members are divided on whether the Soviet threat was the sole reason for its existence — in which case it will disappear — or whether its new task is to defend the security interests of its members against all types of threat. Yet if its 16 member nations all want to see the organization continue, as they do, they should be ready to make the compromises that will be needed.

In the post-Cold War period, security risks to Europe are seen at NATO to consist of three types. The first is a residual risk from the Soviet Union, an increasingly unstable superpower.

The second is a growing risk in Eastern Europe and the Balkans, caused by economic disorder, political divergence and nascent nationalism. Finally, the Gulf crisis has shown the danger NATO members can face even when an attack is not directed immediately at them.

Plans are being made to deal with the first two types of threat. But even as member countries are engaged in meeting this type of risk, there is no planning for such challenges in the future.

Before there can be NATO must agree on its aims. The North Atlantic Treaty contemplates allied action only in Europe and North America. Given the will, this limitation could be overcome.

The organization would first have to examine what sort of outside responsibilities it can accept. It is impossible to foresee all emergencies, and NATO is unlikely to become involved in clashes

in, say, the Southeast Asian jungle. But it must be able to deal with emergencies that are vital to its security along its southern borders and as far away as the Middle East and North Africa.

There is a dangerous divergence of opinion on this. Some members want to avoid being seen under the American umbrella in such areas. France worries about relations with its former empire, as well as with the Arab world. Some countries also have hang-ups about American power in Europe. That is why they try to emphasize European groupings. The Western European Union, the European Community and the Conference on Security and Cooperation in Europe have all been proposed as suitable bodies to coordinate action for peace and security. But while there may be good reasons to broaden the base, only NATO has the military structure and therefore the power required to ensure peace.

This structure needs to be thoroughly reviewed. NATO must retain its cornerstone — a sizable American military presence in Europe. But, while NATO without the Americans would not be NATO, such an organization without France would be equally unthinkable.

The new concept should embrace the emerging European consciousness. The main land/air command, known as Allied Command Europe, should have a European supreme commander. The post has hitherto been a U.S. prerogative, partly be-

cause of the size of the American contribution but mainly because of the requirements of the nuclear command chain. With the decreasing reliance on the nuclear element, and its irrelevance to today's threats and types of conflicts, these weapons could be the responsibility of a U.S. deputy commander.

With a European supreme commander, the organization would take on a far greater European aspect. This, in turn, should lead to the full return of France and Spain to the integrated military structure. And the Europeans would have to take on a far larger part of the burden. (This need not be much more costly; it could merely mean that the run-down of European forces would be slower than that of American forces in Europe.) Finally, the new structure should envisage a form of association with countries such as Hungary and Czechoslovakia that have expressed an interest.

The alliance would thus be greatly revitalized, and the free world would get the security organization it badly needs. All nations concede that international peace and order can be maintained only by a form of force. They know that common endeavors are more effective, and cheaper, than individual ones, and that NATO is an organization of proven success. Until something better comes along, its members should ensure that it can be made to perform its essential role.

The writer is editor of NATO's Sixteen Nations, an independent military journal published in Brussels. He contributed this comment to the International Herald Tribune.

The Alliance Has Work Enough in Its Own Garden

By Douglas T. Stuart and William T. Tow

LOS ANGELES — The Gulf crisis has resurrected an issue that has been around as long as NATO: Should the alliance be called on to respond to threats outside the established treaty area? History provides a clear answer: No.

America's interest in having NATO backing for its military actions in the Gulf is understandable. But if Washington presses its case within the NATO forum, the alliance could well be destroyed.

The signals are coming at America's allies from every direction. NATO's top military commander, General John Galvin, has encouraged the allies to take an "all-encompassing view" of common security. Secretary of State James Baker has proposed expanding the alliance's naval presence in the eastern Mediterranean, intensifying air surveillance along Turkey's eastern borders and deploying "symbolic ground troops" in the Gulf region.

Even the NATO secretary-general, Manfred Wörner, a German, has said that it may be time for a more global NATO strategic doctrine. Since NATO was established in 1949 there has never been consensus on responding to threats beyond the treaty area. During NATO's first two decades, European coalition powers sought to use the alliance to obtain American support for their extrajurisdictional policies. As a rule, Washington feared defensively to such requests, fearing guilt by

association with colonialism. Article 6 of the NATO Treaty, which clearly delimits the geographic scope of the alliance, provided U.S. policymakers with a rationale for rejecting such requests.

Since the late 1960s, however, the situation has been reversed. America began seeking to use the alliance to solicit support for its Third World policies, while the European allies minus their empires, started to take a strict constructionist approach to Article 6.

In a few cases, most notably the Suez crisis in 1956, the 1973 Arab-Israeli war and the invasion of Afghanistan in 1979, allied policies have come into direct conflict. In these instances, Article 6 has served as a circuit breaker, permitting parties to interrupt disputes before they got out of control.

NATO has survived more than 30 out-of-area disputes because all the allies have maintained a sense of priority in calculating their national interests. They knew that the common interest in preserving NATO in the face of the Soviet military threat had to take precedence over partic-

ular concerns outside the region.

But with the liberation of Eastern Europe and Moscow's abandonment of the policies of intimidation, the rationale for NATO's existence has changed from deterring a major war in Europe to contributing to the management of a new European order. Building a new Europe is challenging enough, without NATO assuming out-of-area responsibilities.

If Washington attempts to press the case for expanding NATO's purview at a time when the Soviet threat is disappearing, it will trigger a premature debate about the need for preserving the alliance at all.

But NATO does have a role in the current crisis. The alliance can continue to serve as a forum for consultation and intelligence-sharing on global security problems.

This view was advanced by the European participants in a recent conference on global security trends sponsored by NATO in Knokke, Belgium. American delegates pressed for a more ambitious vision of the alliance's out-of-area role, to include planning for coordinated NATO military responses, with the collaboration of Japan, beyond the treaty area. But European and Japanese delegates countered that any "extended security" concept should emphasize political management of Third World crises and should rely on a revitalized United Nations

machinery for peacekeeping roles.

To the extent that key European allies recognize the need for a common response to Iraqi aggression, they are more likely to continue to employ the Western European Union than NATO. The WEU Treaty has no geographic delimitation, and since it is smaller than NATO (nine members) it is more likely to be able to achieve consensus. The WEU's potential was demonstrated in 1987, when it facilitated the discussions that led to the European contribution to the Gulf armada during the Iran-Iraq war. It is currently performing the same sort of role following the Iraqi invasion of Kuwait.

The real challenge to NATO, cohesion, could come soon. If Saddam Hussein turns the Gulf dispute into a Middle East crisis, or if the Bush administration moves beyond sanctions to a military solution, the disagreements and recriminations within the NATO alliance will be hard to control. In preparation, all parties should recommit themselves to the preservation of the alliance.

Mr. Stuart is director of international studies at Dickinson College in Carlisle, Pennsylvania; Mr. Tow is an assistant professor of international relations at the University of Southern California in Los Angeles. They are co-authors of "The Limits of Alliance: NATO Out-of-Area Problems Since 1949." This was written for United Press International.

A Helping Hand to Yeltsin Could Avert Chaos Ahead

By Dimitri Simes

WASHINGTON — While the Bush administration is preoccupied with the crisis in the Gulf, another challenge to U.S. national security looms on the horizon: the danger of a nuclear superpower sliding into bloody chaos.

The disorderly disintegration of the Soviet state is not inevitable. But the prospect is real and frightening enough to warrant President George Bush's reconsidering his business-as-usual approach to a government in Moscow that is becoming progressively divorced from the rest of the country.

Americans traditionally do not like to think about the possibility of a friendly foreign leader like Mikhail Gorbachev being ousted by his disgruntled people. The fact remains that to his own population — tired of economic deprivation, lawlessness and ethnic unrest — Gorbachev looks little better than the shah did to the Iranians or Sadat to the Egyptians.

Ethnic grievances and rising poverty fuel powerful nationalist passions in many parts of the Soviet Union. And local leaders play more and more frequently by their own rules — ruthlessly promoting parochial interests without regard to the common good.

The absence of a feeling of common destiny in moments of trial reflects a centuries-old tradition. As the great Russian historian Vasily Klyuchevsky wrote about the "Time of Troubles" back in the 17th century: "Vis-à-vis the state, the people of Muscovy behaved as displeased servants or tenants rather than disobedient citizens. They... developed a unique form of political protest: individuals who could not coexist with the existing order would not revolt against it, but rather left it by running away from the country."

Rejecting the notion of common destiny is exactly what the republics, provinces and even the cities are trying to do today. But the peoples of the Soviet Union cannot simply run away from one another. Borders between the republics are no less arbitrary than those of colonial Africa. Sixty million Soviet citizens live outside their own ethnic areas. Smaller republics may secede with a tolerable level of pain. But any Ukrainian or Byelorussian attempt to establish independence would probably trigger a great deal of violence and perhaps lead to civil war. The combination of an increase in radical nationalist sen-



By CUMMINGS in the Winnipeg Free Press (Winnipeg, Manitoba). C&W Syndicate.

timents in these two Slavic republics and a growing popular contempt for Mr. Gorbachev's leadership — which is not bold enough to lead the change and not brutal enough to arrest it — puts Ukrainian and Byelorussian secession on the Soviet national agenda for the first time since the Bolsheviks consolidated power 70 years ago.

Both the Time of Troubles and, more recently, the Russian revolution in 1917 have been increasingly mentioned by Soviet commentators as relevant to their nation's current predicament. These followed a pattern of disintegration of the central authority, dismemberment of the state into hostile components, and a process of crystallization into principal parties, one of which eventually prevailed.

Is this tragic pattern bound to be repeated? Mr. Gorbachev's performance gives few grounds for optimism. Like the ill-fated provisional government of Prime Minister Alexander Kerensky in 1917, the Soviet president is accused of ever-expanding formal powers, but these serve only to camouflage his declining authority. Like Kerensky, Mr. Gorbachev pursues the illusion of national consolidation in a bitterly divided nation, when the only solution is contingent on making painful choices that could exacerbate the divisions.

What may save the Soviet Union is that the Soviet republics, while asserting their sovereignty, are prepared to enter into mutually beneficial arrangements. That is exactly what the Russian parliament chairman, Boris Yeltsin, is counting on in his effort to create a new voluntary community of sovereign but interdependent states on Soviet territory.

Mr. Yeltsin's effort represents the best hope of averting explosive anarchy in the U.S.S.R., and it deserves American support.

Of course, as long as Mr. Gorbachev remains the leader, the United States has to deal with him and must avoid, as much as possible, undermining his position. But relations with the

Dickering On Details In Europe

By Giles Merritt

ROME — As leaders of the European Community countries gather here for summit talks this weekend, it is becoming clear that Europe is moving rapidly toward negotiations that will make or break the concept of a United States of Europe.

It is also plain that there are now two opposing schools of thought on how the EC should proceed toward the immediate goal of closer political and economic union.

In a nutshell, the division is between those who want "details first," and those who say "details later." One school holds that the details will take care of themselves once the 12 member states commit themselves to union. The other says details are of primary, not secondary, importance. France, Italy and the Benelux countries argue that a demonstration of "political will" is needed if the EC is to be transformed from a trading bloc into a genuine economic and political entity. Far from being a leap in the dark, they say, a solemn undertaking to proceed toward union is essential if the fabric of the EC union achieved so far is not to start unraveling.

The counterargument is that European unity will be the first casualty if the EC nations are asked to sign political blank checks, plunging the Community into quarrels over sovereignty and EC-level decision making.

Prime Minister Margaret Thatcher's voice is, of course, the loudest in arguing that the details must be settled before European union is acceptable. But Britain is not alone. Germany, Denmark, Spain, Portugal, Ireland and Greece all appear to have doubts about committing themselves to a political, economic and monetary union that is still defined more by blank spaces than by rules.

Their doubts are not necessarily the same. Germany and Britain, for example, are wary of European monetary union for opposite reasons: the Germans fear it would weaken the Deutsche mark's monetary discipline, while the British, or Mrs. Thatcher in any case, think it would deprive their country of essential economic flexibility. But both agree that it would be foolish to accept monetary union without first knowing what it would look like in practice.

The battleground is Rome. Two intergovernmental conferences, or IGCs as they are known in Brussels, are to be held here in early December. Their goal is to decide what sort of institutional reforms and other streamlining measures are needed both for political union and for economic and monetary union. The hope is that this weekend's meeting will help establish rules for the scope and structure of these conferences.

If all goes well, the period from now through spring or early summer will see EC governments locked in negotiation on issues such as the increased powers of the European Parliament, the checks and balances to be imposed on the EC Commission and on the Council of Ministers, and the timetable for monetary union and the move toward a single currency.

But a reminder of how far the EC countries still are from an efficient and democratic form of supranational government was provided recently by a team of political scientists who prepared proposals on European union for Germany's Bertelsmann Institute. At a recent conference in Rome, they unveiled a blueprint for radical change that would transform the balance of power within the EC.

The experts advanced a plan in which the European Parliament's powers would be extended to budget and revenue matters and its position would be so consolidated that European political parties would result. The EC Council of Ministers, in which the 12 governments now make decisions in camera, would be turned into a Council of the Union, a two-chamber body that would deliberate in public. The EC Commission would develop its executive role as the EC-level governmental machine, but would lose its monopoly of proposing legislation.

Many of the politicians and diplomats who attended the Bertelsmann conference privately dismissed such ideas as unrealistic. No doubt. But they also serve to show how ransackable an edifice is the European union over which the EC is now arguing.

International Herald Tribune.

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100, 75 AND 50 YEARS AGO

1890: Irish Home Rule

NEW YORK — In an interview yesterday (Oct. 25) between Cardinal Gibbons, Archbishop Ryan and other Catholic dignitaries, Cardinal Gibbons assured them that he heartily sympathized with the projected mission of the delegates of the Irish Parliamentary party to this country. He hoped that it would be the means of hastening the policy of national self-government in Ireland, consistent with a true and honorable union with Great Britain. He hoped the result would be a peaceful triumph.

1915: Venice Is Bombed

VENICE — Enemy aeroplanes at Venice, just after 10 o'clock yesterday evening (Oct. 24), threw several bombs, some of them incendiary bombs, upon the city at two periods separated by a short interval. In the first attack a bomb struck the roof of the Scalzi Church and caused the fall

of the ceiling ornamented by Tiepolo. An incendiary bomb fell in the Piazzetta di San Marco without causing damage. Five other bombs fell in the water or in parts of the city where they caused very slight damage.

1940: U.S. Censorship

NEW YORK — The United States government has clamped an official censorship on all of its agencies forbidding the disclosure of figures describing the progress of American-built fighting planes to Great Britain and other nations the government is aiding. It was learned yesterday (Oct. 25) from now on it will be impossible to find out how many military aircraft are being shipped abroad and how many American planes ordered originally for the Army and Navy have been or are being diverted to other sources. All government bureaus which have the figures have been notified to keep them confidential.

— From the New York edition of the New York Herald Tribune.

OPINION

Let Them Wear Ties Now, Pop Their Collars Later

By William Safire

NEW YORK — A tie is a pam around the neck. Neckties, the strips of silk that give the business "business attire," are an affront to the trend toward ease and wantonness. I hate 'em. I wear them only to weddings and funerals, or to White House briefings; when representing my company, and when going tieless would make a fashion statement discomforting other guests and cause them to think me a too-secure slob. Given this travestypathy, why am I uplified and encouraged by the crusade of one educator in a tough neighborhood to get his male students to wear ties?

Frank Mickens, a former basketball coach, is principal of Boys and Girls High School in the Bedford-Stuyvesant section of Brooklyn. This had been a school described in the vogue phrase "out of control" — with students not just running up the down staircase, but running the venerable institution and themselves into the ground.

To the helm strode Mr. Mickens, a black man who exudes authority and confidence. He stopped the sassing of teachers and harassment in the hallways. According to Joseph Berger, a former schoolteacher who is now a reporter for The New York Times, the force of his personality helped stem the tide of disorder.

Now this front-line principal, offended by the dark T-shirts and gold paraphernalia of isolation and resentment, has come up with a revolutionary idea: neckties for the boys.

Male seniors will henceforth be expected to wear light-colored shirts and neckties on Fridays; by the first of next year, the tie requirement will be applied to all male students, to be followed by a dress code for women.

Will the 2,000 boys go for this? "The support from students and parents has been phenomenal," Mr. Mickens tells me.

Civil libertarians are worried about

regimentation, or about discouraging political slogans emblazoned across backs; others express concern at requiring poor students to buy special clothes. Is the necktie code mandatory? "We don't use that word," responds Mr. Mickens, a maverick who understands how to use peer pressure to do what school policy cannot do, "but this is a done deal."

What of kids (including those dressed in \$25 T-shirts and glittering sneakers) who say they cannot afford the conservative apparel? "Ties and shirts have been coming in from all over the country," after the Berger story appeared, reports the principal. But do boys really like wearing ties? "Sure," says Mr. Mickens. "They steal 'em off my desk every day."

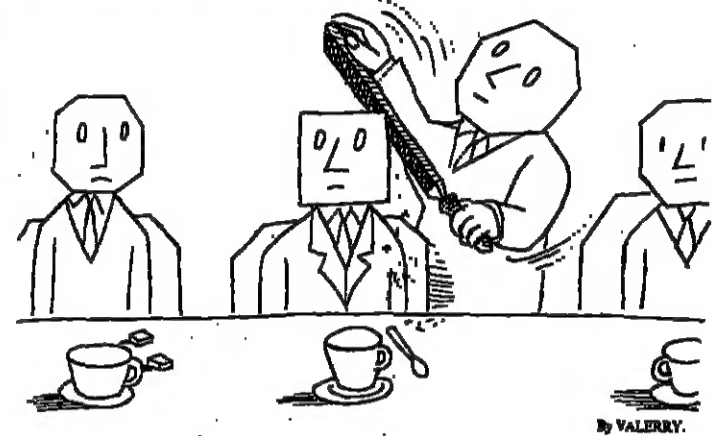
I applied this call to sartorial standards for teenagers. How then can I, as a salad barfly at the Army-Navy Club, complain loudly about that bastion of militarism's coercion of its members to wear ties at all times? Where do I, a violent anti-regimentarian, come off espousing dress codes for youth?

Life has taught me the difference between a necessary sense of belonging and a stultifying spirit of conformity. A necktie worn by a young man willingly submitting to the discipline of his school and peer group is a source of personal and communal pride; the same tie worn by a timid adult on a hot day because all the other guys are wearing one is an example of despicable conformism.

To get in the habit of wearing a tie is like learning the art of speaking correctly; after you have mastered them, you can pop your collar and spout the most creative slang.

Listen up, kids: If you don't experience what becomes the pain of wearing a tie, you never get to feel the pleasure — and the freedom — of not wearing a tie.

The New York Times.



'Anyhow, it got us across.'

It Gets Harder to Keep the Spirits Warm

By Binu S. Thomas

MEIONG, Malaysia — Chief Anggang greets visitors with a mournful look and a perfunctory handshake. He does not ask their names or nationalities. That ritual is for officials 250 kilometers to the west, in Kuching, capital of the East Malaysian state of Sarawak.

Here, deep in the heart of the Borneo jungle, where the nearest paved road is more than an hour away downriver, Chief Anggang's role is to make "Visit Malaysia Year 1990" a success. If that means he has to shake hands with visiting strangers, so be it. In the first eight months of this year alone, more than 400 tourists, mainly from Western Europe, have trooped to his longhouse on the Skrang River.

"Delighted to be the first American here in 1990," reads one entry in the longhouse visitors' book, which the government insists should be maintained. "Don't overcommercialize your customs," pleads another.

But the 23 Iban families who live in the longhouse go on display when visitors come.

And from the rafters of the verandah are suspended the skulls of their headhunting forefathers took in battle.

The private quarters of Chief Anggang — a large room that serves as the living area, dining room and kitchen — is no different from those of the other families. At dinner, visitors sit cross-legged on sago palm mats spread on the floor of the longhouse. The menu includes beef with spring onions, chicken curry, bean sprouts and rice, all prepared by the tour guide — who is also the driver, cook and interpreter.

Chief Anggang, 49, recalls that when

he inherited the chieftainship of the longhouse from his father 19 years ago, his tribesmen were "not so proud." Now, he says regretfully, "people with more money do not even look at those who have less."

In the old days, a suitor had to deliver an enemy's head to the family of his intended bride as dowry. Japanese soldiers in World War II were the last victims. But these days dowry is paid in cash and livestock.

In the tribal court, hard cash has replaced poultry as the currency of fines.

MEANWHILE

For maintaining law and dispensing justice in the longhouse, the Sarawak government pays Chief Anggang 300 ringgit (about \$10) a year. That is a pittance when compared to the monthly salary of 2,000 ringgit that the son of the chief's neighbor makes working in Kuching. The young man is the first university graduate from the longhouse. "He thinks he is smarter than me," says Chief Anggang, his dander clearly up. "But I am better than him any day."

Outside, on the verandah by the light of oil lamps, several families have set up their collections of blowpipes, wooden masks and bamboo hats for dinner guests to buy. An informal price cartel operates and discounts are rarely given. A bare-breasted grandmother will not budge from her asking price of 50 ringgit for a small hand-woven mat. A glance upward at the skulls hanging above her

head, and the deal is quickly closed — at 50 ringgit. Not for sale, for the moment at least, are the heads themselves. Twice a month, they are removed and smoked over a fire to "keep the spirits warm."

Since the first television came to the longhouse four years ago, three more have followed, all powered by portable generators. New lifestyles have come with them. Young Iban men no longer pierce their earlobes to hang the heavy rings that turned the lobes of their fathers into miniature Hula Hoops. "It is not the fashion," said Chief Anggang. Tattooing used to be the sign of a warrior. The bravest had tattoos on their necks. That, too, is no longer in vogue.

Tourist income has helped replace blowpipes with shotguns. But that has not made hunting any easier.

"My grandfather killed silently," said Jeffrey, deputy chief of the longhouse. "The gun scares animals and makes them run further away." Mandook, the chief hunter, has to trek a whole day now to bring back the occasional barking deer or wild boar, which is then shared among the families.

After a night in the longhouse, departing visitors are awakened at dawn by an infernal crowing of roosters. Chief Anggang pilots the boat downriver. He earns a fee from the tour company for his trouble.

The goodbye is as simple as the welcome. No "Hope you liked your stay" or "Do come again sometime." Just the sad face and the handshake.

The writer, a former Malaysia bureau chief of *Asiaweek* magazine, contributed this to the *International Herald Tribune*.

LETTERS TO THE EDITOR

What Are They There For?

Why are American and other troops at U.S. bases in the Gulf? Is the United States simply going to wait for the Iraqis to leave? Is there not enough evidence of inhumane behavior and brutality in occupied Kuwait already? Will economic sanctions ever be sufficient against a man like Saddam Hussein?

The U.S. role as a world leader is being seriously undermined. The American public has a right to know the objectives of its government in a situation like this, where American lives and interests are at stake. Anything but a complete defeat of Iraq would be a partial solution and therefore a compromise. This must not be tolerated.

YVAN K. NIKKHOE,
Boulogne, France.

Unwelcome New World

Regarding "New Actors, a New Play — and No Director" by William Pfaff (*Opinion*, Oct. 6):

Mr. Pfaff reflects on a decaying U.S. role and on increasing German and Japanese power in the world. His implication is that a better world will probably

emerge. But one can hardly welcome a new world where every regional power will be able to impose its will at gunpoint. If it had not been for the U.S. sense of international responsibility, Europe would have been subjected to Hitler's rule for decades, and the Far East would have suffered under the crude Japanese occupation for just as long. Democracy probably would not have emerged in Germany and Japan.

The United States has been at war in various parts of the world for much of the last 40 years, and many Americans have lost their lives. The entire Western democratic world feeds a deep sense of gratitude for the U.S. sense of international responsibility and awaits with great foreboding a backward and irresponsible new world order.

GIORGIO COEN,
Rome.

On Catholic Charity

T. Roberge (*Letters*, Oct. 9) is certainly right to say that the hierarchy of the Catholic Church is not doing enough to aid the poor of the world, but certainly wrong to imply that it is doing nothing, as anyone even slightly familiar with

specific works of charity carried out under Catholic supervision can attest.

The writer objects to the church's opposition to abortion. But deliberate killing of the innocent is certainly no social principle upon which to base attempts to solve people's problems.

JAMES SWETNAM,
Rome.

Nuremberg Parallel?

Regarding the report "Bush Warns of War Trial" (*Oct. 16*):

George Bush and Margaret Thatcher have threatened Saddam Hussein with prosecution based on the Nuremberg principles. Such trials might provide an enforcement mechanism for violations of international humanitarian laws or at least aid in fact-gathering on human rights abuses, but only if conducted evenhandedly to bring the worst offenders to task.

Mr. Bush and Mrs. Thatcher should know that the eminent international law professor Antonio Cassese ("International Law in a Divided World," 1986) is not alone in placing apartheid and the atomic bombings of Hiroshima and Nagasaki together with Nazi genocide

as the three most abominable violations of international morality and legal principles" in the present era.

ANABEL DWYER,
Leiden, The Netherlands.

Obscenity vs. Racketeering

Regarding "U.S. Court Refuses Obscenity Case" (*World Briefs*, Oct. 16):

I find it intensely disturbing that while the totalitarian regimes of Eastern Europe have largely fallen, the courts in the United States are busying themselves with building a new one. The successful use of RICO legislation (the Racketeer-Influenced and Corrupt Organizations Act) against the purveyors of sexually explicit material in Virginia is just the latest example of this judicial counter-penetration.

If the "community standards" test laid down by the Supreme Court in 1973 did not provide enough legal uncertainty by allowing individuals to be convicted for selling material they had no way of knowing would later be found "obscene" by a local jury, the use of RICO legislation now paves the way for substantial se-

zures of their property. Save RICO for the drug traffickers and stop using the law to enforce a selective morality.

The First Amendment to the United States Constitution permits the publication of materials that the majority of people find distasteful, if not downright repulsive. Other countries, not burdened by the same heritage, have not followed this path. In the United Kingdom, for instance, racist publications are largely illegal under the Race Relations Act.

Although selective censorship may seem an ideal mechanism for safeguarding tranquility in the short run, it sacrifices the larger principle. In the United States this principle is not only an important one, it is one of the pillars on which our "great experiment" is based.

G. B. HENDALL,
Oxford, England.

Farewell to Bernstein

Leonard Bernstein's boundless energy will be long remembered. He was an ageless prodigy.

HERBERT JOHNSON,
Paris.

GENERAL NEWS

ASIAN TOPICS

Ban on Drift Nets Is Too Successful

The year-old ban on drift-net fishing in the South Pacific appears to have become a victim of its own success. At a three-day meeting in Noumea, New Caledonia, major tuna-fishing countries did not extend the ban, on the ground that the tuna population had risen with the decline in drift-net use. But voluntary cutbacks are expected to increase, and environmentalists are continuing to press for a total ban worldwide.

The 27 participants at Noumea included several small South Pacific countries as well as Taiwan, Canada, Japan, South Korea and the United States. Scientists had warned 18 months ago that the region's stock of albacore, the most valuable tuna for canning, could be wiped out if nothing was done to stop the use of the giant nets, which are up to 60 kilometers (37 miles) long.

Since drift net use has been reduced, scientists now say that the stock is no longer at risk, although it should continue to be monitored.

The number of drift-net vessels fishing in the region has fallen from 130 in 1988-89 to 30 in 1989-90. It is expected to drop to 11 next season, said Tony Lewis, chief fisheries scientist for the South Pacific Commission. The commission acts as a watchdog agency for health and government groups in the South Pacific.

Around Asia

Japanese big businesses are cool toward employing the handicapped, with 81.2 percent of companies with over 1,000 employees failing to meet a gov-



Seeking Safer Ground in Seoul

A youngster fleeing tear gas on Thursday near the campus of Korea University, where police clashed with about 1,000 students demanding the release of a radical student leader.

ernment-set proportion of 1.6 percent of handicapped to the total work force, according to the Labor Ministry. The ministry said all 148 government and public corporations had made the quotas.

Although construction of the bronze statue of Buddha on Hong Kong's Lantau Island is not yet completed, it already is a major tourist attraction. The New York Times reports, "This is the beginning," said Sik Chi-wai, the Po Lin monastery head monk, who conceived the idea for the statue. "We think people around the world will want to come to pay their respects to this Buddha we have built." At 87 feet (26 meters), compared to 151 feet for New York's Statue

Arthur Higbee

Death Toll Passes 60 in India Riots

The Associated Press

NEW DELHI — Riots flared across India for a second day Thursday, raising the death toll to more than 60 people in an eruption of Hindu-Muslim violence.

The dispute, centering on rights to a holy site in northern Uttar Pradesh state claimed both by Hindus and Muslims, has threatened the government of Prime Minister Vishwanath Pratap Singh, which faces a vote of confidence in a special parliamentary session Nov. 7.

In Calcutta, the police opened fire to quell crowds, killing 4 people and wounding 10, the United News of India press agency said.

Clashes also were reported for a second day in the northwestern state of Rajasthan, where four people were killed, reports said.

The Press Trust of India, compiling police reports from four states, said 54 people were killed Wednesday during a nationwide strike called by the Bharatiya Janata Party to protest the arrest of its president, Lal Kishan Advani.

United News of India said the clashes in Calcutta, India's largest city, were a "sequel" to strike action Wednesday.

Mr. Singh lost his majority in the governing lower house of Parliament when the Bharatiya Janata, a right-wing Hindu party, withdrew its support.

But the prime minister appeared to win a slight advantage when President Ramaswamy Venkataraman ruled that the government needed only a majority of those present and voting on Nov. 7, rather than a majority to survive.

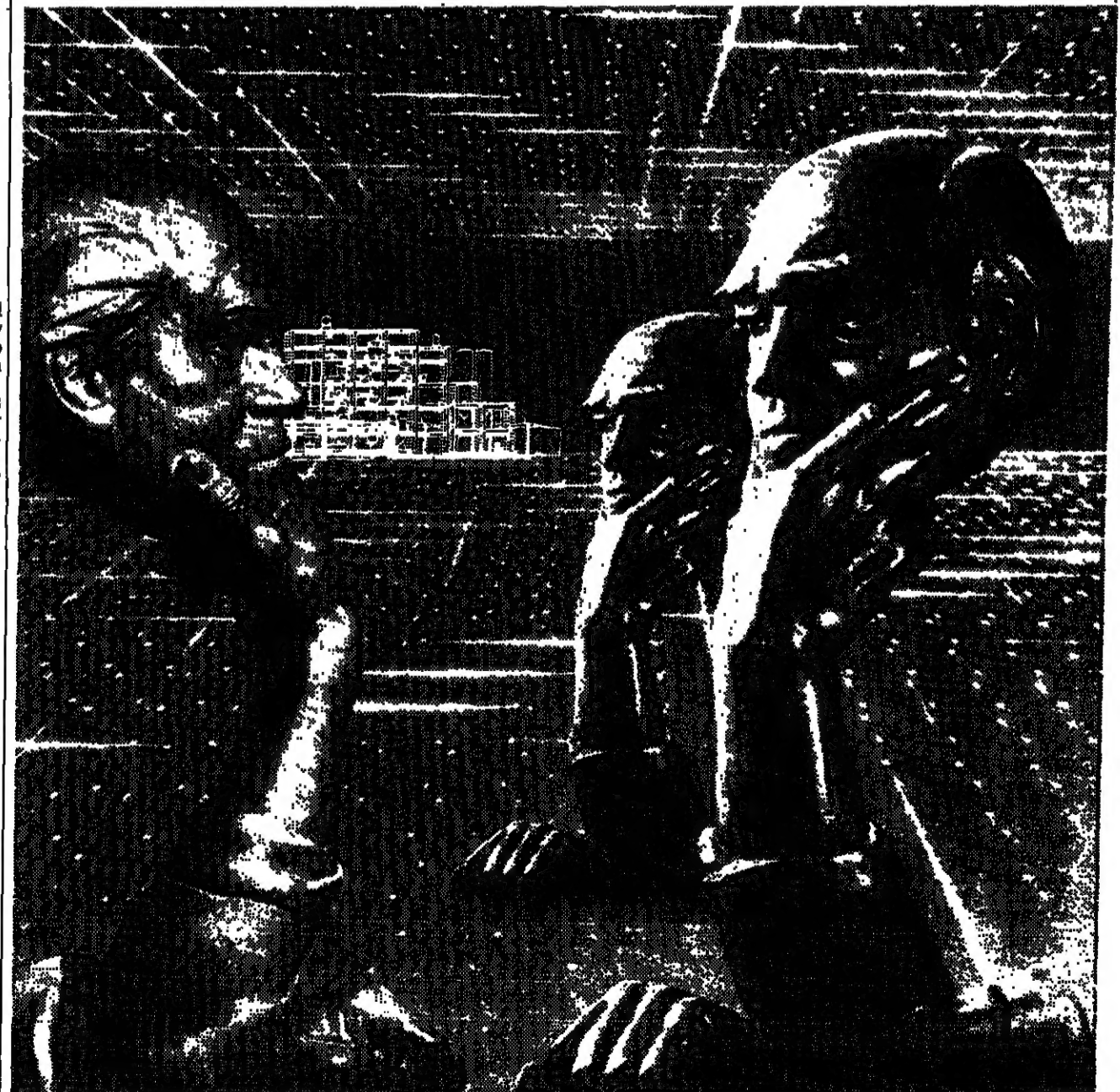
The defection of the Bharatiya Janata Party, with 86 seats, left Mr. Singh's centrist National Front and allied Left Front with only 198 certain votes. The lower house has 542 elected members.

The president's decision left Mr. Singh room to persuade some of his opponents to abstain in the vote, which would allow him to ride out the worst crisis he has faced since taking office early this year.

The opposition Congress (I) Party of former Prime Minister Rajiv Gandhi protested the president's ruling. It said that Mr. Singh had lost the moral and legal authority to govern and called on Mr. Venkataraman to dismiss him.

Mr. Singh appealed for bipartisanship on the religious issue.

"The time has come for all secular forces to unite, irrespective of party affiliations, for the issues which are facing us today are larger than party considerations," he said.



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Burma Arrests 14 Opposition Leaders

RAKUNGA — Burma's military government, intensifying its crackdown on dissent, has arrested 14 prominent members of the main opposition party, diplomats said Thursday.

The 14 members of the National League for Democracy were detained Wednesday after authorities searched its headquarters and dispersed its members.

Diplomats reached by telephone in Rangoon said they did not know

if the detainees would be charged and held or released after interrogation.

Among those detained were four members of the League's central executive committee, Khin Maung Swe, Kyaw Min, Chan Aye and Soe Thein. Only three of the original 16 committee members are still at large, a diplomat said.

The National League for Democracy won 80 percent of the seats contested in general elections

in May. Most of its leaders are now under house arrest or in jail.

The governing State Law and Order Restoration Council, which has said it would hand over power, but only on its own terms, has linked the League with a campaign by militant monks to deprive soldiers' families of religious services.

Many monasteries in Mandalay have been raided and diplomats estimate that up to 40 monks have been arrested in the past week.

WEEKEND

International Herald Tribune

- ☐ High and Low Art
- ☐ Food, Not Fashion
- ☐ Cheap and Violent

Looking at Movies Through Opera Glasses



A scene from Martinu's "Les Trois Souhais" staged by the Lyon Opera.

by David Stevens

THE mutual fascination between opera and the movies has a history as long as the film industry's, and it has two aspects. One is the filming of operas, which began even in the days of the silents and continues today, and is a bag of mistakes that will not be opened here. The other is the use of film in opera, which began to attract composers as a scenic element by the time the flicks had become established as one of the lively arts.

Perhaps the most integrated use of film in opera was in Alban Berg's "Lulu," which dates from the mid-1930s, in which the composer specified that a silent movie be used at the opera's pivotal moment, narrating Lulu's arrest and conviction for murder and her escape from a prison hospital, accompanied by music that signified the end of the heroine's rise and the beginning of her social and moral descent.

Earlier, in 1924, "Relâche"—the Dadaist ballet by Satie and Picabia—incorporated a weirdly hilarious silent-film entr'acte by René Clair. Milhaud's "Christophe Colomb" (1930) and Zimmermann's "Die Soldaten" (1965) are other operas that incorporated film with other elements in an attempt at total operatic theater. But the idea has not always been carried out in later productions of these works, nor has film really taken hold as a device of opera production in general.

Now come two productions in French opera houses—in Lyon and Saint-Etienne—with the same staging idea: the opera as a film in the making. In each case the stage is set up to resemble a movie studio soundstage and the action is the making of a film, the subject of the film being perceived by the audience at one remove. The scenery is of the set too kind seen on movie sets, pushed around rapidly and meant to look right on camera but not to impress a live theater audience. The pretense is that there is no live audience. In both cases the device was carried to the point of showing "rushes" of what the audience has just seen "filmed."

In one case the idea was that of the authors: Bohuslav Martinu, the Czech composer who had settled in Paris, and Georges Ribemont-Dessaignes, a man of all arts on the fringes of Surrealism and Dadaism. They

collaborated on several projects, most ambitiously in 1928-29 on the opera-film "Les Trois Souhais" (The Three Wishes), a zany soufflé of late 20s absurdism (soon after the birth of talkies) with a jazzy score and plenty of opportunity for exotic scenic effects.

In the other case, however, the brainstrom came from the stage director, Guy Couthance, as a way of presenting Jules Massenet's last opera, "Cléopâtre," to a public certainly more familiar with one or another of the many Cleopatras of film history than with the opera. Massenet died in 1912, soon after completing the work, which had a posthumous premiere in Monte Carlo in 1914, then a 1919 Paris production (with no less than Mary Garden in the title part and Maurice Renaud as Mark Antony) before disappearing from view. This staging in the Maison de la Culture et de la Communication of Saint-Etienne, where Massenet was born, signals the founding of a biennial festival devoted to Massenet and other French composers of the turn of the century.



Kathryn Harries and Didier Henry in Massenet's "Cléopâtre."

Massenet is a composer of far more variety than is usually suspected by a public familiar mainly with "Manon," "Werther," "Thaïs" and the like, but "Cléopâtre" falls into the composer's mainstream of vaguely orientalized historic-romantic-erotic studies of feminine psychology. Its score is faultlessly calculated throughout, albeit a bit mechanically, and it ends with a fourth act—mainly a final duet and the heroine's death—that is deeply felt and moving in musical-dramatic terms.

What Couthance put on stage was a film in the making, with a parallel plot built on a conflict between the film's budget-oriented producers and its artistically minded director and performers. In the third act, as Mark Antony and Cleopatra's political game falls apart, so does the actress playing Cleopatra. Her *crise de nerfs* deepens, and the final act—presented visually as if it were a piano rehearsal taking place on a stage covered with abandoned reels of film—is the real death of the actress at the same time as it is the impersonation of Cleopatra's death.

THE rich history of filmed Cleopatras seems to have been Couthance's point of departure, or pretext, but his choice had a practical advantage. Presented straight, "Cléopâtre" could slip easily into the pool of kitsch that lies in wait for producers of Massenet operas of this genre. But presented this way it becomes respectable—kitsch is a basic ingredient of historical Hollywood epics—and the splendidly lavish sets and costumes of Christine Marest and Frédéric Fiesco can be seen not as vulgar oversteering but marvelous takeoffs on Cecil B. De Mille.

Kathryn Harries, the formidable Dido of Lyon's "Les Troyens" a couple of seasons ago, endowed her Cleopatra with the same seductiveness and anguished dignity and coped admirably with the role's perilously low tessitura. The baritone Didier Henry was a Mark Antony of real substance, and Jean-Luc Maurette as the tenor lover-slave Spakos, Danielle Streiff as Octavia and Martine Olmeda as Charmion were effective in the other principal roles. Patrick Fourniller, who seems to be France's leading Massenet conductor, drew finely nuanced playing from the Saint-Etienne orchestra.

"Les Trois Souhais, or the Vicissitudes of Life," to use its full title, was never produced in its own time, nor was the film it calls for ever made. In the last two decades, however, it has had four productions, two in Czechoslovakia and two in, of all places, Lyon. In 1973 it was done in the city's old opera house, now a shell of a building in the process of a renovation that still has three years to go, so this new staging—a late contribution to this year's celebration of the

Continued on page 12

Shades of Warhol: Japan's Art Superstar

A Fine Line Between Art and Fashion

by Carol Lutfy

TOKYO—The 1980s brought cash to Japan, and with it an insatiable demand for culture. No longer content with foreign substitutes, the Japanese suddenly wanted a contemporary art star of their own.

The man they drafted for the job was Shiro Ohtake, a young Tokyoite who had graduated last in his class at art school. Ohtake had just returned from a year in London, bearing a much sought-after international aura and independent ideas about art. Today, the collageist, painter, sculptor and printmaker is undisputedly the biggest name in art here, the first hero ever to be born into Japan's contemporary art world.

Ohtake, 35, has participated in 15 exhibitions this year, including "Japanese Art in the '80s" which runs until Nov. 18 at the Frankfurt Kunstverein, and "Japan Art Today," which opens at Stockholm's Kulturhuset on Nov. 24. His solo show at Gallery Tokoro in May was called a "crazy success," and sold out within three days—a first for a Japanese artist, his age.

"Ohtake's popularity has penetrated unusually deep into Japanese society," said Yasuyoshi Saito, curator at the New Tokyo Metropolitan Art Museum Project. "His name pops up among people who normally don't know a thing about art."

If he is accessible enough to have popular appeal, however, he is also talented enough to draw serious collectors. New York's Museum of Modern Art among them. His materials are uncommon—some say excessively—eclectic, ranging from fiberglass to postage stamps. But his work is united by a fascination with the random image, whether pasted in a collage book, impressed in his memory, stenciled on a canvas, scribbled in a notebook or sketched in his "dream" diary.

Idolized as a star by Japan's younger generation, Ohtake represents a new, glamorized breed of Japanese artist. But his success with the teenybopper crowd has alienated art-world leaders, who dismiss him as a stylistic harem with a nose for hot trends. Many of those who ushered Ohtake to fame have now abandoned him to the limelight's glare. Like pop idols anywhere, Ohtake walks a

fine line between fine art and fashion, although he is not a flamboyant figure. He favors the color black, but does not own a thread of designer clothing. His hair, though fashionably shoulder-length, is unkempt. And far from outrageous, his conversation is low-key and self-effacing. He speaks distractedly—as if thinking aloud—eagerly forgoing politeness for frankness.

More comfortable in the music world than in the art world, Ohtake has collaborated on half a dozen album covers and has worked as a guest disk jockey at the fashionable Tokyo club Gold. He is also a regular in Japanese publishing circles, where he has become the darling of the fashion magazines. Ohtake has published eight books—the key, some say, to his popularity. The Japanese publishing house Kodansha is to publish a definitive survey of his work next September.

Against this celebrity backdrop, it is apt that Andy Warhol left an indelible mark on Ohtake's work. The Japanese artist was 16 when he first saw the Marilyn Monroe and Elvis Presley silkscreens.

"Until then, I had been painting still lifes in my room, wondering if I had the will to follow the visions of Picasso or Matisse," he said. "I was liberated by the revolution that Warhol started. He taught me that I could be true to my own artistic vision."

That vision has come to embody concerns that are conspicuously un-Japanese: a passion for found objects, an obsession with memory and the way it functions in the creative process, and a devotion to new materials. Ohtake also relies on his dreams for inspiration, recording them in a diary almost daily. He is interested in the colors seen when one's eyes are closed, and believes that people have short dreams even when they shut their eyelids momentarily. These, he argues, influence one's subconscious train of thought and potential for creativity.

The power of chance is equally important to Ohtake's work. He feels that distraction breeds clarity, and says that he produces some of his finest pieces while watching television.

"I am extremely interested in the phenomenon of not being in control, and never calculate the final image before I make a work," he said.

For a series of nearly 100 gouaches com-

Continued on page 12



Jack Marshall for The New York Times

Woman Rappers Take On Macho Bluster

Female rappers are still greatly outnumbered but they are beginning to speak up against the macho bluster of males to remind audiences that women are not exclusively "bitches," "hoes" (whores) or sex-crazed "freaks." Typical of the new wave is "Attitude: A Hip-Hop Rhapsody," an album by Shazzy (above), who lets the rhythm carry the message. Page 13.

CRITICS' CHOICE

Manet and the Battle Over 'Olympia'

■ The controversial acquisition 100 years ago by French national museums of Edouard Manet's painting "Olympia" is the starting point for two exhibitions at the Musée d'Orsay, through Jan. 13, 1991. The first documents the battle waged in favor of "Olympia" by Manet's fellow artists, notably Monet and Rodin. A complementary show of 70 pastels and drawings by Manet displays the artist's diverse interests and includes studies made during his travels in Italy of the work of Renaissance masters.

Four Featured by 'Wien Modern'

■ The third "Wien Modern" festival of 20th century music, from Oct. 27 to Dec. 9, will focus on the work of four leading 20th century composers—the Austrian-born Ernst Krenek; the American Elliott Carter; the dean of Polish composers, Witold Lutoslawski, who will conduct his own works; and the Italian Luciano Berio, who will conduct the opening concert of his own music Oct. 27 at the Konzerthaus with the Vienna ensemble Die Reihe. The Burgtheater is planning a performance with literary works by Krenek, whose 1930 opera, "Last Dance Around St. Stephen's" will be performed for the first time Dec. 6 in the Ronacher Theater. The Italian Cultural Institute is showing an exhibition of works by Emilio Vedova entitled "In memoria Luigi Nono," commemorating the Italian composer who died this year. The festival was founded by the conductor Claudio Abbado, who this year will be performing with such musical colleagues as the cellist Heinrich Schiff, the oboist Heinz Holliger, the violinist Pinchas Steinberg, the pianist Rudolf Serkin, the Chamber Orchestra of Europe and the

Ensemble of the 20th Century. One of the features of the festival is that the composers take an active part either as performers or in talks about their works.

The Egyptians and Immortality

■ "Egypt—the Search for Immortality" is the title of a special exhibition at the Roemer- und Pelizaeus-Museum in Hildesheim, Germany, that runs to June 16, 1991. The exhibition encompasses about 130 treasures from four centuries illustrating the Egyptian death cult and concepts of eternity, including some of the museum's important recent acquisitions such as a mummy sarcophagus with a portrait panel acquired by the Lower Saxony Foundation and given to the museum as a long-term loan. (Showa, a gold amulet of the 19th Dynasty, about 1250 B.C.)

Stephen Dedalus Meets Simeon Stylites

■ "Stephen Climax," a "collage" opera by the composer-conductor Hans Zender that had its world premiere in Frankfurt in

1986, will have its Belgian premiere Oct. 28 at the Théâtre de la Monnaie in Brussels, conducted by Sylvain Cambreling, staged by Peter Maessbach, and with sets and costumes by Paul Lerchbaumer and Joachim Herzog. Somewhat following the precedent of Bernd Alois Zimmermann's "Die Soldaten," the work is a collage of independent elements performed simultaneously—one being the events of the night of June 16, 1904, in Dublin taken from Joyce's "Ulysses," the other being scenes from the life of the fifth century ascetic St. Simeon Stylites. The cast includes Ronald Hamilton as Simeon, Dale Ducang as Stephen Dedalus, and Ellen Shade as the Mother. Nine more performances are scheduled through Nov. 20.

An American in Provence

■ Under the title "Visages et Images," an exhibition of recent works by the French-based American painter Robert Harris is being shown at the Centre Culturel La Charité in Carpentras, France, through Nov. 17. The show is comprised largely of two series of acrylics, one devoted to views of Provence and the other of groups of faces or masks.

Domingo, 'Otello' and Opéra Bastille

■ The first full season of Paris's Opéra Bastille opens Nov. 13 with a new production of Verdi's "Otello," with Plácido Domingo in the title role, Renato Bruson as Iago and Kallen Esperian as Desdemona under the musical direction of Myung-Whun Chung, and in a production staged and designed by Petrika Ionesco. Ten performances are scheduled through Dec. 8, with the Romanian tenor Corneliu Murgu taking over the title part from Domingo after the first five performances. Before then, the Théâtre des Champs-Élysées is presenting three performances of Francesco Cavalli's version of

the Medea legend, "Giasone," on Oct. 28, 30 and 31. René Jacobs is musical director and Christian Gungor on the stage director, with Jeffrey Gail in the title part and Gloria Banditelli as Medea, in this co-production with the Festival of Ancient Music in Innsbruck.

Carnegie Hall's 100th Anniversary

■ The centennial of New York's Carnegie Hall is being marked with a multi-media exhibition, "Echoes and Artifacts: 100 Years at Carnegie Hall," that will open Oct. 31 and run through Jan. 26 at the New York Public Library in Lincoln Center. The 200-item exhibition celebrates the anniversary by drawing on a treasury of memorabilia in the archives of the celebrated concert hall at Seventh Avenue and 57th Street. Many of the historical, architectural and musical objects have never been shown in public before. In addition, an accompanying videotape will feature performance excerpts and vintage footage from the hall's history. Among the objects included in the exhibition are a baton of Arturo Toscanini, Benny Goodman's clarinet, a silver trowel used by Mrs. Andrew Carnegie to lay the cornerstone of the building.

A Bellini Premiere in Geneva

■ A new production of Bellini's Romeo-Juliet opera, "I Capuleti e i Montecchi," will be staged Nov. 2 by the Grand Théâtre in Geneva, the first time that the theater has done the work. Bruno Campanella conducts a cast headed by Cecilia Gasdia as Giulietta and Martine Dupuy as the mezzo soprano Romeo, with Robert Swenson as Tebaldo and Harry Peters as Lorenzo. Robert Carsen is staging the work with sets and costumes by Michael Levine. Later performances are scheduled for Nov. 5, 8, 11, 14, 17 and 20.

Exhibition Shirks Issues It Promised to Confront

NEW YORK — From its conception, "High and Low," at the Museum of Modern Art, was a risky venture, that much must be ac-
knowledgeed.

At a time when the art world divides along ever more sharply drawn ideological lines, nothing could have had quite the same incendiary effect as the announcement, some months back, of an exhibition about the relationship between modern art and popular culture to be organized by the Modern's department of painting and sculpture, the department at the museum that is virtually synonymous with high modernism.

Questions were widely and immediately posed: Would "High and Low" signify a shift in thinking at the department by bestowing on products of everyday culture, like comics and advertisements, the same stature that had been bestowed on the works of a relatively few artists?

More important, how would the exhibition deal with the flood tide of art produced in the last decade or so that has drawn inspiration from popular culture, much of which represents an attack on the sort of formalist vision of art history — a vision committed to the pre-eminence of style — and on the pantheon of great artists with which the Modern has long been associated?

Perhaps not surprisingly, considering the overheated exchanges these questions have generated lately, there were more than a few people willing to supply answers even before the exhibition opened, attacking what they presumed it would, or would not, be.

FOR Kirk Varnedoe, there would have been many easier projects with which to make his debut in the post of director of the department of painting and sculpture, replacing William Rubin. But he and his collaborator, Adam Gopnik, art critic for *The New Yorker*, chose this mine field of a subject. Bravery might not count for much in the art world, but "High and Low" was, in principle, a brave undertaking.

Alas, the show, which remains on view through Jan. 15, is a disappointment, not least because it shirks the very issues it promised to confront.

It is possibly unfair, but also inevitable, that Varnedoe's first big curatorial effort in

his post invites comparison with the final big venture by Rubin, "Pioneering Cubism: Picasso and Braque," which last year occupied the same galleries in the museum.

"Picasso and Braque" was an exhaustive study of a well-focused subject; "High and Low" skims the surface of a topic that, in the end, still seems sprawling and ill-defined despite the efforts of the curators to break it down into neat categories like graffiti, advertising and comics.

The two exhibitions are similar in at least one respect, for Varneadoe and Gopnik, like Rubin and Alfred Barr before him, proceed from a fundamentally formalist viewpoint. The subject of modern art and popular culture unfolds through their eyes pretty much as a stylistic matter, with painters and sculptors borrowing motifs or ideas from the newspapers, advertisements, billboards, shop windows and mail-order catalogues they saw around them.

It may be debatable that Picasso's portrait of Gertrude Stein constitutes an example of caricature, as the curators argue, but the borrowings illustrated throughout the exhibition are, for the most part, self-evident.

Of course, there has never been the slightest doubt that modern art has been influenced by popular culture. Nothing could be more familiar by this time than the stories of Cubists clipping scraps from the daily papers around the turn of the century, or of Ben writing *raincoat* off the service

Pop artists ripping off the comics.

The question is not whether but why popular culture and modern art have been so inextricably bound together. And to this far more important problem, the exhibition provides few satisfying or unexpected solutions.

Admittedly, the topic may simply require the sort of explication that is possible only in print, and not coincidentally the catalogue accompanying the show has a heft and complexity that the display lacks.

The catalogue takes up positions that the display undercuts. Comics and the artists who produced them are treated with a kind of reverence by Gopnik in the book. In the show, they seem hardly more than captions below the paintings and sculptures they purportedly influenced, as if the curators wanted at all costs to avoid the impression of equating high and low.

Similarly, the show includes work by only three artists — Elizabeth Murray, Jeff Koons and Jenny Holzer — in its section on the '80s. What emerges in the catalogue essay is a long and serious argument, although in many parts an unconvincing one, for the merits of this trio and against the work of



many other artists, appears in the exhibition

Holzer's work is described in the catalogue as conveying the idea that "the old tension, initiated by Picasso and Braque, between public words and private sensibility has gone slack, and that all private experience could be expressed now only in the homogenized language of advertising."

And the curators have included, presumably as illustration, the section of her display for the recent Venice Biennale featuring a text about motherhood.

It could be argued that Holzer is interesting in that, at all, for entirely different reasons — as someone whose best works confront the viewer with various voices of indeterminate source. Those works, so self-consciously banal and awkward in their language, seem to be about the importance of interpretation and questioning, about making the viewer dubious of the information with which we are all bombarded every day. When Holzer's

language seems to turn sincere, as it does in the work that the Modern presents, the effect is simply banal.

Similar doubts might be raised about the choice of works by Koons, who is not represented by the polychrome figures that are so perceptively described in the catalogue but by stainless steel sculptures less blatantly Pop.

Still, the point is not that the selections were wrong but that they were so conspicuously limited. "High and Low," after all, held out the possibility of finally putting issues that have been in the air for the last decade or so in a clear historical context.

Even if, as the catalogue argues, much of the work of the 1980s looks puerile, to exclude artists like David Salle, Cindy Sherman, Barbara Kruger, Keith Haring and John Baldessari, to name only a few, is to treat what remains in many ways and unavoidably a wide-ranging social and political subject as hardly more than a matter of taste.

by Jon Pareles

RAP has its own laws of action and reaction. Unlike most pop, rap records answer one another, naming names and hurling praise, insults or rebuttals.

Until recently, rapping was almost exclusively a men's club, but a wave of women rappers appeared in the late 1980s and is gathering force. The first group — Queen Latifah, M.C. Lyte, Roxanne Shanté — generally took the high road, ignoring the violent talk and blunt, unexamined sexism of most male rappers.

But in the last year, the 2 Live Crew have gained wide notoriety for their lewd raps, while gangster rap has hitched its tales of urban violence to an increasingly vicious misogyny; when Ice-T describes himself as "the bitch killer" to glorify his outlaw persona, someone has to talk back.

Female rappers are still greatly outnumbered, but they're beginning to speak up directly against macho bluster, and to remind the rap audience that women aren't exclusively "bitches," "hoes" (whores) or sex-crazed "freaks," as too many male rappers pretend. As a rule, the new female rappers create personas that are more level-headed, more compassionate and less heavily armed than their male colleagues.

Boasting comes with the territory, but women speak less about mowing down opponents and more about their own skills. They're aggressive but don't pretend to be invulnerable or infallible, and when they discuss violence, they also pay attention to the mopping up afterward. Most of them have doubts about promiscuity. But female rappers don't suggest any feminist utopia; in other raps, sisterhood is competitive — for male affections and for dominance as rappers — and mercy is doled out sparingly and selectively.

The most ambitious and substantial new female rap album is Shazzy's "Attitude: A Hip-Hop Rapsody" (Elektra). Sherry Raquel Marsh, a/k/a. Shazzy, is a husky-voiced woman from New York who sends rhymes dodging and ricocheting through the crisp, layered funk riffs dispensed by D. J. Vanguard.

Like other rappers, Shazzy has multiple agendas. She extols her own prowess, pays tribute to the soul and funk recycled in her backup tracks, shows off her quick tongue, tree associates and exhorts listeners to dance. But she also moves into the Afrocentric political territory of Public Enemy and Boogie Down Productions with "Black Is a

Nation" and "Believe It's So," a song about racial and sexual discrimination that asserts, "Nine women out of 10 will tell you hell no / I ain't livin' like a body with no face / Identity is set and my mind is a terrible thing to waste."

Shazzy disputes the practice of sex as conquest in "Heartbreaker," in which she confesses to playing games with her lovers, and in "Giggahoe" (it rhymes with gigolo), a scathing put-down (set to a jaunty New Orleans piano lick) of an ex-lover who didn't know a good thing when he had it. She tells high-living drug dealers with no future that "You need a job, kid," and in "The Way It Is," she details the collapse of families torn by drugs, shooting and child abuse.

Monie Love, from London, made American listeners perk up when she contributed a rap to Queen Latifah's "Ladies First." But her debut album, "Down to Earth" (Warner), is a letdown, as it settles for mid-tempo pop raps with slight insights — about trying to decide between two men ("Monie in the Middle"); about a sleazy record producer ("Don't Funk With the Mo"); about counseling a friend to leave an abusive lover ("Just Don't Give a Damn").

LIKE Queen Latifah, she mixes rapping with house music on a few songs. But while Love makes declarations like "I'm demanding to be respected as a woman, and black at that," she only musters passion for "Pups Lickin' Bone," which insults a woman who flirts with the rapper's boyfriend, and for "Swiney Swiney," a manifesto against eating pork.

M. C. Trouble's "Gotta Get a Grip" (Mowtown/MCA) also juxtaposes political commentary and teen-age romance with its boasts. But M. C. Trouble (La Tasha Rogers) has both a lighter touch and, when she wants it, a harsher edge. Most of the music stays on the pop side of rap, working catchy choruses into arrangements that rely more on new music than sampled funk. But when M. C. Trouble starts rapping at top speed in "Gotta Get a Grip" and "Black Line," she's likely to be denouncing racism and urging blacks to "wake up, rise up."

The fray is bound to continue. Not just in rap, but across American society, gender roles are under contention; rap's verbosity simply unveils what other pop idies up. For now, women rappers are showing their male cohorts that they haven't had the last word, and that designated sex objects can — and will — speak for themselves as the stakes grow higher. ■

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October 27, 1995

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BANGLADESH

INDUSTRY & TRADE

Emphasis on Incentives and Diversification of Exports

Although Bangladesh still lags behind regional powerhouses such as Thailand, Malaysia and Indonesia, outstanding progress has been made in diverting the economy away from its traditional dependence on agriculture and raw materials toward industrial production for export.

A glance at key economic indicators shows that the government's steady drive toward privatization — in league with increased foreign direct investment — has already produced significant results. Industry grew more

than 79 percent, from \$68 million to an estimated \$122 million.

According to General M. Shamsul Haq, commerce minister: "We have tried and succeeded to a considerable degree in diversifying our export items and markets through product adaptation and product development. To achieve this, we have relied on private-sector initiative for a cost-effective way of producing exportables and marketing them abroad. The government has also provided a better enabling environment for the private sector to operate efficiently. We intend to pursue this path steadily during the 1990s."

A number of impressive joint-venture projects are already off the ground. Hindustani Motors of India has gone into business with Frogoti, the Bangladesh state-owned carmaker, to produce Bedford truck and bus chassis. Olympic MI, the Japanese sporting-goods giant, has a \$28 million stake in Bangladesh to produce golf and fishing equipment. Meanwhile, another Japanese group has put forward a proposal for development of a world trade center in Dhaka.

But the big export success story is garments, held aloft as a sterling example of what Bangladesh can accomplish in the face of stiff competition from abroad. A decade ago, Bangladesh was earning a pittance from textile exports. Yet by 1989, it had become the fourth-largest supplier of finished cotton garments to the American market, right behind industry giants Hong Kong, China and Taiwan. Overall, garment exports generated \$627 million in fiscal year 1989-90, a record 42 percent share of total exports.



Assembling electronic components for export.

"The success of the garment industry has given us a tremendous morale boost," says Abu Sayed Choudhury, vice chairman of the Export Promotion Bureau. "Now we know the capabilities of our people. Now we are sure we can manufacture anything."

There has also been steady growth in other "nontraditional" export sectors, particularly leather products (\$162 million worth of exports in 1989-90) and frozen foods (\$122 million worth of exports). Although still in their infancy, the chemical and metal industries have also seen strong growth. Chemical and pharmaceutical exports topped \$52.8 million in 1988-89, while metal exports — under the auspices of the Bangladesh Steel and Engineering Corp. — rose to \$5 million during the same period.

With proven reserves totaling 30 trillion cubic feet, the export of natural gas is a distinct possibility in the future. One of the government bodies responsible for implementing the new emphasis on exports is the

Trading Corporation of Bangladesh (TCB). "Though originally set up as an import-oriented organization, TCB has in recent years been playing an increasingly important role in the field of exports," says Masihuddin Ahmed, a senior executive with the organization. "TCB is now exploring a worldwide market for Bangladesh products and is supplementing the efforts of the [public] sector corporations and the private sector in boosting exports."

One of the industries is sugar, which is taking steps to ensure its growth and prosperity. There are currently 16 sugar mills producing 200,000 metric tons (220,000 short tons) per day. A key by-product is molasses, one-third of which is marketed for export primarily to Spain, South Korea, Singapore and the Netherlands. The remainder goes to local distilleries, where it is processed into pure alcohol or gin.

"This year, we received government sanction to establish another two mills — one with Pakistani assistance and the other with Chinese help," says Mohammed Nazrul Islam, chairman of the Bangladesh Sugar and Food Industries Corp. "That will increase our capacity to 23,000 tons."

Much of the new investment in manufacturing is being channeled into special duty-free industrial areas under the auspices of the Bangladesh Export Processing Zones Authority (BEPZA). The first zone was established in Chittagong, a large port on the Bay of Bengal about 265 kilometers (165 miles) south of Dhaka, the capital. Since it became operational in 1984, the Chittagong EPZ has grown to encompass 28 factories with some 7,000 employees; 47 other projects have been authorized.

The scope of BEPZA products is impressive: a Swedish firm making electric energizers; a British company engaged in video and audio tape assembly; Dutch and Hong Kong investors involved in garment manufacture; three separate Pakistani firms making terry towels. Japan has the single largest commitment, with 13 projects ranging from fishing equipment to auto parts to marine chain. South Korea is next with nine projects, while the United States is third with seven authorized projects, most of them in the textile or garment sector. Other Chittagong investors hail from West Germany, Singapore, India and Thailand.

"We have a package of

tax and other incentives that is very attractive," explains A.S.A. Nur, a member of the BEPZA Investment Promotion Board, in explaining the success of the Chittagong EPZ. "We function independently of any ministry of the government. The advantage of this is, when foreign investors come here, our executive board can give them approval without referring to anyone else. We can sanction a new industry without any loss of time."

The popularity of the Chittagong EPZ has prompted the government to establish other such areas. A second zone is about to start operations 30 kilometers north of Dhaka. Because of its easy access to Zia International Airport, this zone will specialize in items that can be exported by air, such as high-tech electronic items, specialized garments and polishing gem stones. A third EPZ is slated for Chittagong harbor and a fourth for Khulna, the country's second-largest port.

Of course, the outlook is not rosy in every sector. For instance, jute remains

the "sick man" of the Bangladesh economy. Due to competition from synthetic fibers, jute product earnings and exports have declined steadily since a peak in 1985.

Yet leading jute manufacturers and exporters are confident that business will pick up again with the world's growing emphasis on environmentally safe products. "The reasons are obvious," says A.S.F. Rahman, chairman of Beximco, the country's largest private conglomerate. "Jute is ecologically friendly and a renewable resource. People aren't going to spend millions of dollars trying to develop synthetic fibers that are more biodegradable when you've got a natural fiber like jute that is already safe to use."

This advertising section was written by Joseph R. Yager, a Singapore-based free-lance writer. The next installment in the series of advertising sections on Bangladesh will appear on Nov. 30 and will focus on banking and finance.



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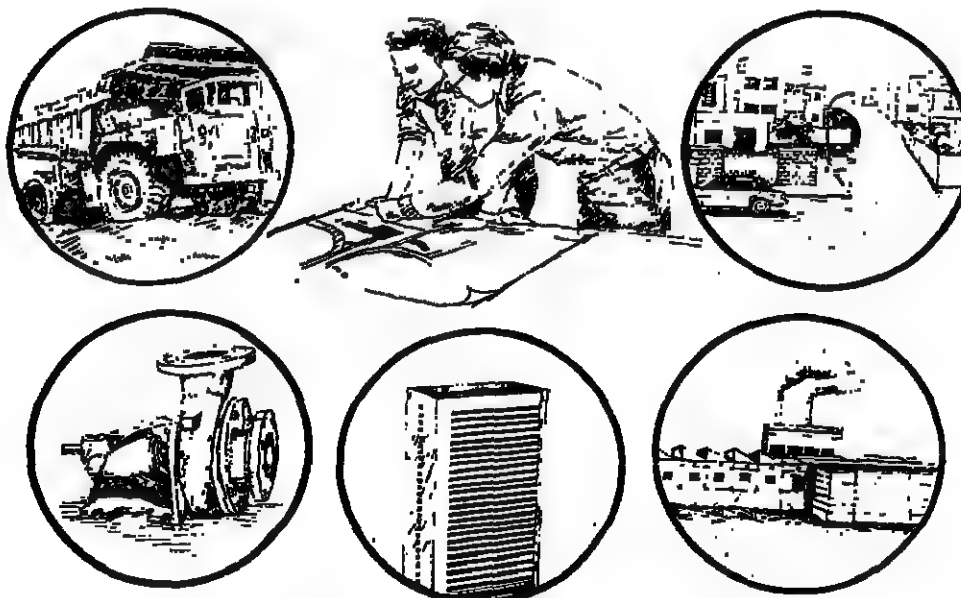
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WALL STREET WATCH

Fund Linked to Pound Is Leading Performer

By Lawrence Malkin
International Herald Tribune

NEW YORK — With stocks and bonds highly volatile, it turns out that the most profitable place to put money so far this year was in cash — as long as it was in the right currency. A plain vanilla money fund tied to the pound outperformed all U.S. mutual funds in the weekly rankings released as of Oct. 19 by Lipper Analytical Services.

The Fidelity Pound Performance Fund, which is denominated in dollars, had gained 35.66 percent from Jan. 1 through last Friday. With the pound yielding about 15 percent interest and its value stabilized in September when the British government fixed it in the European Exchange

Rate Mechanism, the money-market return on the currency offered higher yields and greater increase in value than virtually any stock on Wall Street.

"This was a bad time to have a long view in investments," said Michael Lipper, head of the fund ranking organization. "Most short-term investments did better, and currencies are notoriously volatile."

Through the year, the pound fund had gained steadily while stock and bond funds declined amid fears of recession and war in the Middle East. At the end of the third quarter, the fund had gained 28 percent, second only to the Equity Strategies Fund based in New York. As of Sept. 30, that speculative fund had gained 36.06 percent, only to sink back on Oct. 19 to a 12 percent gain for the year as stocks on Wall Street dropped.

Foreign currency funds are both new and rare in the United States, and few Americans invest in them. Fidelity manages funds of about \$20 million in pounds, mainly as a service to its clients. As of Oct. 19, its pound fund gained 32.86 percent, but it charges no entry fee and a higher management fee. Yen and Deutsche mark funds operated by both companies gained between 20 and 22 percent from January to mid-October, compared with about 5 percent for dollar money market funds.

"People don't see beyond the U.S. dollar," said Patti Thorpe, chief trader for the Fidelity foreign-currency funds. Those funds actually are invested in U.S. Treasury notes and forward contracts that mimic the performance of foreign currencies.

Ms. Thorpe and Seth Strickland, chief marketer for Shearson's funds, stressed their volatility. They also warned that in the coming months, the pound will not repeat a performance that was based on a 21.6 percent appreciation against the dollar, from \$1.6105 on Jan. 1 to \$1.9575 last Friday.

The funds turned out to be vehicles of choice for investors who wanted to short the stock market, short the bond market, and short the dollar.

Carl Weinberg of High Frequency Economics warned that although diversifying currencies spreads risk, predicting their course is complex and usually fruitless. "There is absolutely no correlation between the dollar and the U.S. economy," he said.

"The dollar started to appreciate in 1982 when the economy was in the tank, and it peaked in 1985 when the economy was rising."

Wright Investors' Service forecasts that, after the bear market of 1990, things will look up somewhat for investors in U.S. stocks in the period through 1995.

Wright estimates that dividend income will grow an average of 3.4 percent a year and earnings 8.1 percent, giving an earned return of 11.5 percent. Price-earnings ratios, however, will be lowered by 2.6 percent a year, leaving an annual return of 8.9 percent.

Based partly on those estimates, Wright projects the Dow Jones industrial average to average 2,750 points in 1991, rising to 2,975 in 1992, to 3,175 in 1993, to 3,415 in 1994 and to 3,625 points in 1995.

That is nothing like the period 1985-1990, when the average almost doubled from 1,547 points, but a relatively serene sea nonetheless for those investors who in 1990 saw their stocks engulfed in the market storm.

Klöckner and C. Itoh Become Latest German-Japanese Allies

By Richard E. Smith
International Herald Tribune

FRANKFURT — The Japanese trading firm C. Itoh & Co. has bought 5 percent of Klöckner-Werke AG, a major German steel, plastics and machinery company, as part of a broad strategy to cooperate worldwide, the companies announced Thursday.

The move is the second major link-up between Japanese and German business, coming after this spring's wide-ranging agreement between the Mitsubishi group and Daimler-Benz AG to forge joint strategies.

The cooperation between C. Itoh and Klöckner notably will include a joint venture to be located in Germany in the auto

supply industry. That will give the Japanese company a foothold in the European Community as Japanese autos continue to build market share on the continent.

"It is a move which will not only give Itoh a channel to supply Japanese auto manufacturers in Europe but will also provide Klöckner with a Japanese connection as Japanese manufacturers take market share away from locals," said Wolfgang Seewaldt, analyst with Westdeutsche Landesbank Girozentrale in Düsseldorf.

Japanese vehicle manufacturers have been criticized recently in the United States for ignoring American suppliers in favor of Japanese companies. The joint venture in Germany, a hybrid with both Japanese and

German input, could allow Japanese car-makers in Europe to deflect such criticism.

Officials of C. Itoh said they had paid about 100 million Deutsche marks (\$66 million) for the stake in Klöckner, making C. Itoh one of its largest shareholders.

The joint venture will specialize in rust-free galvanized steel sheets, a key growth area in the auto supply industry.

Klöckner will have a controlling interest of 50.1 percent in the venture, with the remainder divided equally between C. Itoh and the Rustarwerk group of Finland.

Klöckner said the venture would be capitalized at 100 million DM and should be producing 400,000 tons of galvanized plating a year beginning in the middle of 1993.

Turning to more global ambitions, Klöckner said it and C. Itoh would "seek common new activities in Europe, America and Asia."

Klöckner in particular would try to better develop its marketing in East and Southeast Asia, the firm said.

"Klöckner had considerable business in the Soviet Union and is probably interested now in developing alternative markets in Asia since the Soviet market is so unstable at this point," Mr. Seewaldt said.

Klöckner already has extensive industrial interests in South Korea and a long-time association with CRA Ltd., the Australian mining company that also is a major stockholder in Klöckner.

For its part, C. Itoh has expressed interest in a more solid German presence in order to take advantage of the growth expected in the EC single market and in eastern Germany.

Cooperation with a Japanese partner represents another major initiative for Klöckner, which has restructured in recent years to cut its dependence on the ailing steel industry. The company has diversified heavily into plastics and machinery, with those activities now generating more sales than the core steel business.

Despite the recent diversification, Klöckner remains one of the five or six largest steel makers in Germany.

Citicorp Lifts Rates To Lure Investors

By Floyd Norris
New York Times Service

NEW YORK — In another sign of investor concern over the safety of investments in many major banks, Citicorp has said it will pay an unusually high rate on an important part of the capital it needs. The move will raise the company's costs substantially.

In agreeing to pay a dividend rate of 12.5 percent on a \$100 million issue of preferred stock, the nation's largest banking company accepted a rate that is far higher than it was legally required to pay. The move was aimed at bolstering investor confidence, but it led to another drop in the company's stock price, to an eight-year low.

Concerns over real estate loans that might go bad if the United States enters a substantial recession have raised doubts about the credit quality of many major banks in recent weeks. Wednesday's rate action by Citicorp showed that those doubts have not receded. At the American Bankers Association meeting in Orlando, Florida, bankers said they were aware of a rising

sense of unease among investors and depositors.

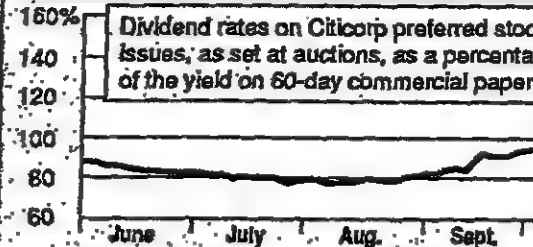
Citicorp has almost \$1 billion of such preferred shares outstanding, and the high rates are likely to spread to other Citicorp issues in the next two months.

The 12.5 percent rate was set on an issue of "auction rate" preferred stock, and will remain in effect for seven weeks, when a new auction to reset the rate will be held. Had Citicorp wished to do so, it could have paid only 9.75 percent, but that would have meant that some investors who already owned the security would have been unable to sell it, angering those investors and damaging Citicorp's reputation.

Instead, Citicorp changed the rules of the auction so that it could have been forced to pay a dividend rate as high as 16.25 percent. The auction produced a rate of 12.5 percent, which was well below the maximum level but still extraordinarily high. Because preferred shares have tax advantages for corporate investors, the 12.5 percent rate is equivalent to a taxable rate of 17 percent.

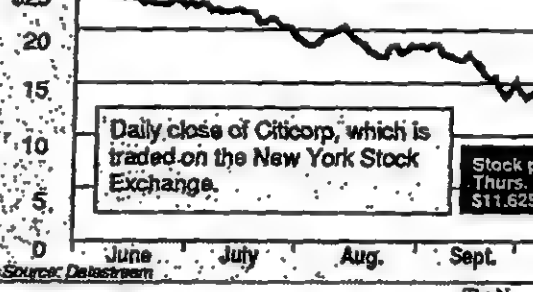
A Question of Confidence

RATES RISE ON CITICORP'S PREFERRED ISSUES



Dividend rates on Citicorp preferred stock issues, as set at auctions, as a percentage of the yield on 90-day commercial paper.

AS ITS STOCK PRICE FALLS



Daily close of Citicorp, which is traded on the New York Stock Exchange.

Source: DataStream

The New York Times

By contrast, J.P. Morgan & Co. deemed by investors to be the healthiest of the major U.S. bank holding companies, auctioned a

similar preferred issue Wednesday at a rate of 6.069 percent.

A Citicorp official called the 12.5

See CITICORP, Page 17

Rival Airline Seeks to Block UAL Route Deal

By Agis Salpukas
New York Times Service

NEW YORK — Robert L. Crandall, the chairman of American Airlines, said Thursday that he was prepared to pay more than United Airlines did to obtain Pan American World Airways' routes between the United States and London.

Pan Am and United said Wednesday that the UAL Corp., the parent of United, would pay \$400 million for the five routes and would also provide Pan Am with a marketing agreement, under which

ics on a possible bid, the Associated Press reported. But he suggested a deal with UAL might have trouble obtaining government clearance. He also hinted Pan Am could face legal difficulties if it did not seek higher bids.

[The UAL-Pan Am deal also came under heavy fire Thursday from the Teamsters union, which predicted an impending bankruptcy filing for Pan Am, United Press International reported.]

"This is a fire sale," said William Genovese, airline division director with the Teamsters. "Pan Am should have gotten \$750 million to \$1 billion for these assets, which include the most valuable New York-London route and the facilities at Heathrow Airport."

[Mr. Genovese said American could "outbid UAL by a couple hundred millions."]

A person knowledgeable about the discussions between Mr. Plasket and Mr. Crandall said Mr. Crandall had not offered Pan Am a marketing alliance similar to that offered by United.

In the absence of such an agreement, it seems doubtful that Mr. Crandall will be able to get Pan Am to re-open talks, the person said.

■ UAL Net Down 4.3% UAL said Thursday that it had third-quarter net income of \$106.1 million, down 4.3 percent from \$110.9 million the year earlier. Revenue rose to \$2.97 billion from \$2.85 billion, Reuters reported.

After rallying on the stronger-than-expected quarterly result, UAL's shares dropped in New York trading on the news that American might bid for Pan Am's London routes, analysts said.

UAL shares were down 37.5 cents at the close, to \$96.50, after trading as high as \$99.

UAL's third-quarter average price per gallon for jet fuel rose to 73.0 cents from 61.3 cents, the company said.

"Moreover, we expect the average price to be significantly higher in the fourth quarter," Chairman Stephen Wolf said in a statement.

The toll of higher fuel costs on the airline industry was underlined by Continental Airlines Holdings Inc., which said it is in talks with aircraft-leasing companies over possible aircraft sale-leasebacks to raise cash.

CURRENCY RATES

Cross Rates	Oct. 25
Australian dollar	1.5815
British pound	1.9575
Canadian dollar	1.2915
Deutsche mark	1.9365
French franc	166.35
Italian lira	2036.5
Japanese yen	163.60
Netherlands guilder	2.3636
New Zealand dollar	1.2715
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4535
Taiwan dollar	163.60
Thai baht	25.46
West German mark	1.9365
Yen	163.60

Closing in London and Zurich. Rates in other cities. New York closing rates. Toronto rates of 3 p.m. To buy one pound; To buy one dollar; Units of 100; All quoted U.S. dollars.

Other Dollar Values

Currency	Per \$
Australian dollar	1.5815
British pound	1.9575
Canadian dollar	1.2915
Deutsche mark	1.9365
French franc	166.35
Italian lira	2036.5
Japanese yen	163.60
Netherlands guilder	2.3636
New Zealand dollar	1.2715
Portuguese escudo	200.48
Spanish peseta	166.64
Swiss franc	1.4535
Taiwan dollar	163.60
Thai baht	25.46
West German mark	1.9365
Yen	163.60

Forward Rates

Currency	30-day	60-day	90-day	180-day
Australian dollar	1.5815	1.5815	1.5815	1.5815
British pound	1.9575	1.9575	1.9575	1.9575
Canadian dollar	1.2915	1.2915	1.2915	1.2915
Deutsche mark	1.9365	1.9365	1.9365	1.9365
French franc	166.35	166.35	166.35	166.35

INTEREST RATES

Eurocurrency Deposits

Term	Rate
1 month	7 1/4%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Source: All Reuters except ECU; Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

Term	Rate
1 month	7 1/4%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Source: Reuters, Citicorp, Bank of Tokyo, Bank of Montreal, Bank of America, Bank of England, Bank of France, Bank of Germany, Bank of Italy, Bank of Japan, Bank of Spain, Bank of Sweden, Bank of Switzerland, Bank of the Netherlands, Bank of Belgium, Bank of Luxembourg, Bank of Austria, Bank of Greece, Bank of Portugal, Bank of Ireland, Bank of Norway, Bank of Denmark, Bank of Finland, Bank of Iceland, Bank of Cyprus, Bank of Malta, Bank of Cyprus, Bank of Malta, Bank of Cyprus, Bank of Malta.

Asian Dollar Deposits

Term	Rate
1 month	7 1/4%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Source: Reuters.

U.S. Money Market Funds

Fund	Assets	Yield
Fidelity	\$1.2 billion	7.5%
Putnam	\$1.1 billion	7.5%
Investment Company of America	\$1.0 billion	7.5%

Source: Merrill Lynch, Pierce, Fenner & Smith.

GOLD

Term	Rate
1 month	7 1/4%
3 months	7 1/4%
6 months	7 1/4%
1 year	7 1/4%

Montedison Rejects ENI Bid Terms

By Kathleen Day
Washington Post Service

ROME — The chairman of Montedison SpA, Raul Gardini, surprised analysts Thursday by rejecting terms proposed by the Italian state energy group ENI for the sale of ENI's 40 percent stake in their joint venture Enimont SpA.

Montedison and Enimont have differed over Enimont's industrial policy since it was launched in January. The private and public sector groups, which each own 40 percent stakes in the venture, agreed last month to part ways after they failed to resolve their differences.

Mr. Gardini said at Thursday's news conference that Montedison's board had decided "not to accept" the conditions offered by ENI.

Analysts had expected an acceptance of the ENI offer because of Mr. Gardini's previous comments indicating that he wanted full control of the venture.

The Italian press speculated that the 40 percent stake that each company holds in Enimont could be worth between 2 and 2.5 billion lire (\$1.7 billion to \$2.1 billion).

The Montedison rejection means, according to the terms of the agreement, that the state group can buy out Montedison's interest in the joint enterprise at the same price.

Mr. Gardini's Ferruzzi Financial SpA, which controls Montedison, had said it was prepared to raise up to 1.5 billion lire for the eventual purchase of ENI's holding in Enimont.

"The Montedison board considers the ENI proposal unacceptable," the company said.

It said it objected to new conditions ENI placed on the stake sale after it was approved by an inter-ministerial committee on Sept. 27. These include a requirement that 51 percent of Enimont's shares be placed in a fiduciary and restrictions on eventual shareholder allies.

Giuseppe Gardino, a senior aide to Mr. Gardini, said after the news conference: "We can't buy or sell because the contract is not suitable. There are so many (conditions) which don't allow a private company to buy" ENI's stake.

Owner of UPI and FNN Discloses Cash Crunch

By Kathleen Day
Washington Post Service

WASHINGTON — Infotouch Inc., the financially troubled firm with controlling stakes in Financial News Network and United Press International, has disclosed that it does not have enough cash to meet its daily operating expenses and has replaced its founder as chief executive.

In addition, the company recently disclosed that it is under investigation by the U.S. Securities and Exchange Commission for possible securities fraud.

The company said its difficulties may force it to sell off some or all of its subsidiaries to meet its obligations.

Infotouch and FNN said Wednesday that Earl W. Brian, their founder, will be replaced as chief executive of both companies by two men who will serve as interim co-chiefs executives. Mr. Brian will continue as chairman and as a director of Infotouch and FNN, a 24-hour cable network specializing in business news.

The announcements are the latest in a series of recent blows suffered by Infotouch, a publicly traded investment company based in New York with a complex mix of hold-

ings in the media and biotechnology businesses.

C. Steven Bolen, who was serving as chief financial officer of Infotouch and FNN, was fired from both positions earlier this month after the company said he received compensation that was "not properly authorized." A spokesman would not elaborate.

Infotouch ended its relationship with its accounts, Deloitte & Touche, earlier this month, over a dispute involving the value of Infotouch's investment in FNN and other matters. The Infotouch spokesman said the accounts wanted FNN to restate recent profits as a loss, thus putting the company in possible default on a portion of its \$49.5 million in bank loans.

Infotouch is holding discussions with lenders regarding the need for waivers on payment of \$20.7 million of loans. The spokesman said there are also several outstanding disputes over accounting questions involving FNN and UPI.

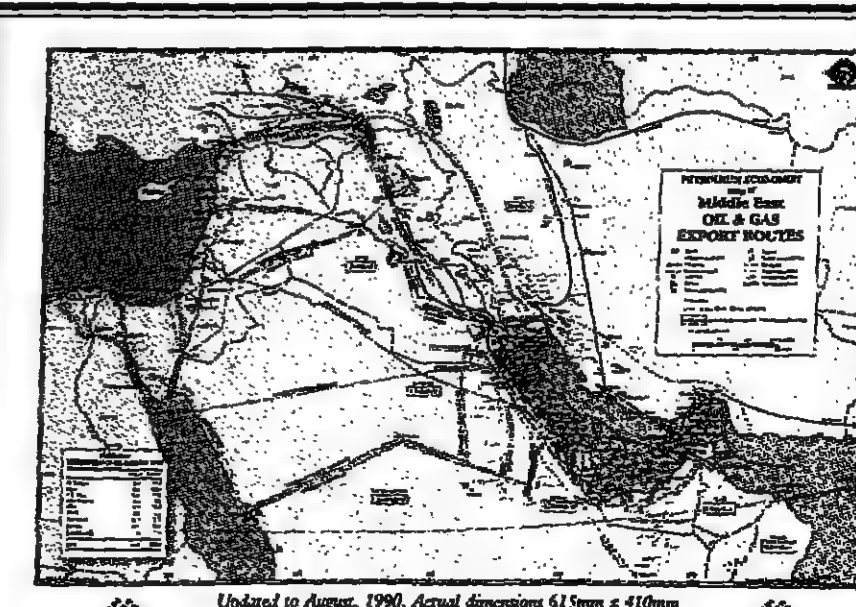
Two weeks ago, Infotouch disclosed that it is under investigation by the SEC for possible violations of securities law. Shareholders have filed three class-action suits against Infotouch, FNN, Mr. Brian and other company officials alleging securities fraud.

After founding Infotouch, Mr. Brian used the investment company to help launch FNN in 1981 and buy into several other companies. Infotouch bought 97 percent of UPI in 1989 and holds a 47 percent stake in FNN, whose programs are now seen in 35 million households.

Mr. Brian, 49, a neurosurgeon, served as California secretary of health and welfare in the cabinet of Ronald Reagan, who was governor, and then began his business career. He has kept much of the inner

workings of his complex holdings away from public view, once explaining his lack of interest in annual shareholder meetings by telling an interviewer, "Did you ever learn anything at a shareholders meeting? I haven't." He was unavailable for comment.

Infotouch and FNN said that, in addition to lacking sufficient cash to meet operating costs, the companies do not have enough money to meet payments on a total of \$70 million in bank debt.



Updated to August, 1990. Actual dimensions 615mm x 410mm

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MARKET DIARY

Stock Prices Fall In Light Trading

United Press International

NEW YORK — Stocks fell in light trading Thursday as a sharp rise in oil prices and program selling cut short an early advance to progress toward a budget accord.

The Dow Jones industrial average, which rose 10.15 points

Wednesday, lost 20.05 to close at 2848.16.

Declines led advances by a ratio of 4 to 3. Volume totaled 141.46 million shares, down from the 149.29 million traded Wednesday.

Prices opened higher in the wake of news that budget negotiators had reached agreement on some key tax-cutting provisions. A tentative deal was expected to be reached after about an hour of trading to wipe out the gains and send the market down sharply.

Stock prices also fell once oil prices began to surge, in part on an international Herald Tribune report that President Francois Mi-

terrand of France expects war to break out in the Gulf soon.

"The talk about war, all the belligerent talk going around, and that oil got the market down," said Tom Gallagher, managing director in charge of capital commitment at Oppenheimer & Co.

As for why the early gains evaporated, Mr. Gallagher noted that many investors bought stocks in anticipation of a budget agreement being finalized. "So when reality set in, there was nobody left to buy stocks and we had oil going up at the same time," he explained.

On the trading floor, Citicorp was the most active issue, off 4 1/4 to 11 1/2.

The dividend rate on a series of the bank's preferred stock was reset at a very high 12.5 percent in an auction Wednesday.

General Electric followed, down 3/4 to 5 1/4. Chase Manhattan was third, off 1/4 to 1 1/4.

Among other blue chips, AT&T rose 1/4 to 33 1/2 in active trading and USX added 1/4 to 3 1/4, while IBM lost 1/4 to 108 3/4. Eastman Kodak fell 1/4 to 38 1/2 and Philip Morris lost 1/4 to 47 1/2.

Renewed Gulf Worries Drive Dollar Upward

Reuters

NEW YORK — The dollar snapped back to end higher Thursday as renewed worries over the risk of war in the Gulf prompted traders to cover short dollar positions.

The dollar closed at 1.5180 Deutsche marks, up from 1.5054 on Wednesday.

At 128.30 yen, up from 126.54.

"People are very, very concerned about something breaking out in the Middle East, and they're covering up," said Robert Hatcher of Barclays Bank.

Defense Secretary Dick Cheney said 100,000 more U.S. troops and armored units may be sent to the Gulf. The market also was cued with rumors including one, which was denied by the White House, that President Bush had given Iraq two weeks to get out of Kuwait.

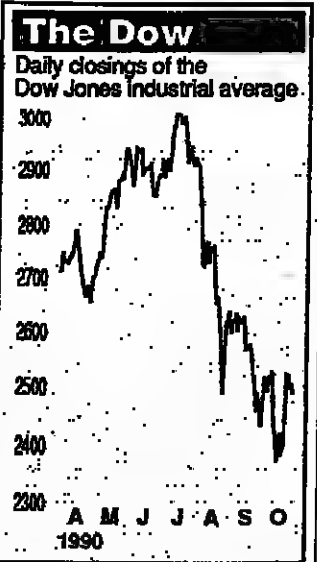
Once again, the dollar was most volatile against the yen, recovering strongly after having tumbled against the yen Wednesday.

The dollar's upward momentum got a boost after it broke through resistance at 1.5120 DM and 127.50 yen.

Still, dealers said they doubted the dollar's gains will be long-lived because of the weakness of the U.S. economy and the likelihood that the Federal Reserve will ease credit once Congress and the White House strike a final agreement to cut the federal deficit.

The dollar also rose to 1.2835 Swiss francs from 1.2691, and to 5.0780 French francs from 5.0400. The pound closed at \$1.9505, off from \$1.9599.

The dollar fell in London earlier to 1.5088 DM from 1.5123, and to 127.05 yen from 128.15.



NYSE Most Active

Vol.	High	Low	Last	Chg.
Chrysler	117 1/2	117 1/4	117 1/2	+1/4
Citigroup	11 1/2	11 1/4	11 1/2	+1/4
IBM	108 3/4	108 1/4	108 3/4	-1/4
AT&T	33 1/2	33 1/4	33 1/2	+1/4
General Electric	5 1/4	5 1/2	5 1/4	-1/4
Merck	47 1/2	47 1/4	47 1/2	-1/4
Johnson & Johnson	72 1/2	72 1/4	72 1/2	-1/4
Amgen	112 1/2	112 1/4	112 1/2	-1/4
Boeing	102 1/2	102 1/4	102 1/2	-1/4
3M	52 1/2	52 1/4	52 1/2	-1/4
Walt Disney	117 1/2	117 1/4	117 1/2	-1/4
United Technologies	42 1/2	42 1/4	42 1/2	-1/4
Eastman Kodak	38 1/2	38 1/4	38 1/2	-1/4
Philip Morris	47 1/2	47 1/4	47 1/2	-1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4
AMEX	100 1/2	100 1/4	100 1/2	+1/4

NYSE Diary

Adv.	Decl.	Unch.	Total
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300

AMEX Diary

Adv.	Decl.	Unch.	Total
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300

NASDAQ Diary

Adv.	Decl.	Unch.	Total
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300
100	100	100	300

Dow Jones Averages

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Standard & Poor's Indexes

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

NYSE Indexes

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

NASDAQ Indexes

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

AMEX Stock Index

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Dow Jones Bond Averages

Bond	Open	High	Low	Close	Chg.
10 Yr	100.00	100.00	100.00	100.00	-0.01
30 Yr	100.00	100.00	100.00	100.00	-0.01
1 Yr	100.00	100.00	100.00	100.00	-0.01
3 Mo	100.00	100.00	100.00	100.00	-0.01

Market Sales

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

N.Y.S.E. Odd-Lot Trading

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

S&P 100 Index Options

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Currency Options

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Dividends

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

European Commodities

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

London Metals

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Spot Commodities

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

U.S. FUTURES

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

Grains

Index	Open	High	Low	Close	Chg.
Indus	2848.16	2854.16	2848.16	2848.16	-20.05
Transp.	1000.00	1000.00	1000.00	1000.00	-10.00
Utilities	1000.00	1000.00	1000.00	1000.00	-10.00
Comp	1000.00	1000.00	1000.00	1000.00	-10.00

ICI, Reporting Drop in Profit, Predicts Difficulties in 1991

By Leigh Bruce

LONDON — Imperial Chemical Industries PLC, Britain's largest chemical-manufacturing company, announced Thursday a 48 percent decline in pretax profit for the third quarter and the company's chairman predicted difficulties lasting into next year.

In the third quarter, pretax profit tumbled to £160 million (\$313.1 million) from £306 million a year earlier. The result was in line with market forecasts that third quarter profit would total between £145 million and £180 million.

ICI shares, which had lost 12 pence before the announcement, lost a further 3 pence to 836 pence in a sharply falling market but later recovered most of their losses.

Overall, the company showed a 27 percent decline in pretax profit for the first nine months of the year at £893 million against £1.23 billion during the same period in 1989.

In announcing the figures, the chairman, Sir Denis Henderson, predicted that "trading will remain difficult into 1991."

Analysis said the figures could have been worse and predicted that fourth-quarter pretax profit would

end up in the £105 million to £140 million range.

The analysts cautioned, however, that the whole sector faced acute uncertainties and said the fourth quarter and at least the first half of next year would remain difficult for the company.

"The one caveat that affects the whole sector are the conditions that exist today in terms of the Gulf crisis and the general economic situation, both of which remain cloudy," said Philip Moorish of Smith New Court.

"If things were to remain very, very difficult, and I am not forecasting that they will, profits could get down to about £800 million in 1991," warned David Ingles of James Capel.

But the analysts insisted that they had no reason to alter their forecasts at this time. Mr. Moorish said he thought ICI was "getting very close to the bottom" of the decline in profits.

The analysts singled out two sectors that did better than expected: pharmaceuticals, which turned in a 28 percent increase in operating profits, and paints.

In petrochemicals and plastics, however, operating income declined by two thirds to £109 million. With existing quarterly raw

materials contracts coming to an end and the market moving to monthly pricing schemes, the analysts expect the higher price of oil to start biting.

Analysts also pointed out that ICI needs to absorb a recent pay settlement of just under 11 percent and that the company faces pressures due to the strong pound, which is now locked at a high level inside the Exchange Rate Mechanism of the European Monetary System.

Analysts also said that the company has cut capital spending by 10 percent and has embarked on a cautious process of restructuring and disposal of nonstrategic assets.

"They've talked about belt tightening, and they have already begun to take steps," said Mr. Ingles, who added that they have got to do that because the whole sector faces difficulties and all their competitors are doing it.

Despite the gloomy outlook, however, the view from the City is one of fundamental confidence in the basic health of ICI and in the competence of its management.

"The company knows what it has to spend and where to spend it," Mr. Moorish said. "It knows where it needs productivity improvements and how to obtain them."

Bank of England Hits Pöhl's Views on Union

Compiled by Our Staff From Despatches

BERLIN — The central bank chiefs of Britain and Germany clashed over European monetary union on Thursday, just two days before European Community leaders are to meet in Rome to discuss economic integration.

In his first visit to another EC country since Britain joined the Exchange Rate Mechanism of the European Monetary System, the governor of the Bank of England, Robin Leigh-Pemberton, defended his government's proposed alternative to EC monetary union.

Britain's proposal that the EC adopt the European Currency Unit as a 13th currency "would enhance economic convergence in the Community without prejudicing the final goal," Mr. Leigh-Pemberton told a banking conference.

He also criticized the Bundesbank's position calling for the establishment of a strong European central bank in advance of currency union.

At the same conference, the president of the Bundesbank, Karl Otto Pöhl, reiterated his support for an independent central bank to manage the convergence of the different monetary and economic systems among the 12 EC nations.

But Mr. Leigh-Pemberton said it was not necessarily advisable to create a European bank as autonomous as the Bundesbank.

"However independent a central bank is in principle, it cannot be impervious to the pressures of public opinion or indifferent to public support," he said.

Mr. Leigh-Pemberton also said the bank needed to earn credibility by stabilizing prices over a long period of time.

"The Bundesbank has acquired its reputation as an inflation fighter after a long period of skillful monetary management and it is this that gives the Bundesbank its credibility and legitimacy," Mr. Leigh-Pemberton said. "A new institution would begin with no such inherent credibility or legitimacy."

Mr. Pöhl said he would propose to the committee of governors of European central banks, which he heads, to endorse a constitution for a new European central bank.

Oil Rise Lifts Profit for Norsk Hydro

Reuters

OSLO — Norsk Hydro A/S, Norway's biggest industrial company, said on Thursday that high oil prices helped lift its third quarter profit, but added that its overall result for the first nine months of this year was weaker.

In the quarter alone, net profit rose by more than half to 625 million kroner (\$105.8 million) from 408 million kroner in the year-earlier quarter. For the first nine months of the year, Norsk Hydro's profit fell about 10 percent to 1.9 billion kroner.

"The rising oil prices were the most significant factor behind the strong improvement in the third quarter," said the company, which is 51 percent owned by the Norwegian state.

But Norsk Hydro said high oil prices were a mixed blessing because they could have a negative effect on the company's other businesses.

The company said that North Sea oil averaged \$26.50 a barrel in the third quarter of this year, compared with \$17.50 in the corresponding 1989 period. That represents a 51 percent rise.

"Fertilizer activities also developed favorably and had the best third quarter result for several years," Norsk Hydro said. But the light metals and petrochemical divisions both posted weaker results due to falling aluminium, magnesium and polyvinylchloride, or PVC, prices.

Operating revenue for the third quarter fell 9 percent to 13.9 billion kroner.

The overall results were slightly lower than analysts' expectations.

Ericsson Buys Schrack Stake

Reuters

STOCKHOLM — The Swedish telecommunications firm L.M. Ericsson AB said Thursday that it and Austria's Creditanstalt Bankverein had agreed in principle to buy 83 percent of the Austrian electronics company Schrack Elektronik.

Ericsson said in a statement that Creditanstalt would take a 49.5 percent stake in the now privately held firm, and Ericsson would take a 33.5 percent stake.

Ericsson gave no purchase price for the shares.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
200	2400	2200
1800	2350	2000
1600	2300	1800
1400	2250	1600
1200	2200	1400
1000	2150	1200
800	2100	1000
600	2050	800
400	2000	600
200	1950	400
0	1900	200
1990	1980	1970
1980	1960	1950
1970	1940	1930
1960	1920	1910
1950	1900	1890
1940	1880	1870
1930	1860	1850
1920	1840	1830
1910	1820	1810
1900	1800	1790
1890	1780	1770
1880	1760	1750
1870	1740	1730
1860	1720	1710
1850	1700	1690
1840	1680	1670
1830	1660	1650
1820	1640	1630
1810	1620	1610
1800	1600	1590
1790	1580	1570
1780	1560	1550
1770	1540	1530
1760	1520	1510
1750	1500	1490
1740	1480	1470
1730	1460	1450
1720	1440	1430
1710	1420	1410
1700	1400	1390
1690	1380	1370
1680	1360	1350
1670	1340	1330
1660	1320	1310
1650	1300	1290
1640	1280	1270
1630	1260	1250
1620	1240	1230
1610	1220	1210
1600	1200	1190
1590	1180	1170
1580	1160	1150
1570	1140	1130
1560	1120	1110
1550	1100	1090
1540	1080	1070
1530	1060	1050
1520	1040	1030
1510	1020	1010
1500	1000	990
1490	980	970
1480	960	950
1470	940	930
1460	920	910
1450	900	890
1440	880	870
1430	860	850
1420	840	830
1410	820	810
1400	800	790
1390	780	770
1380	760	750
1370	740	730
1360	720	710
1350	700	690
1340	680	670
1330	660	650
1320	640	630
1310	620	610
1300	600	590
1290	580	570
1280	560	550
1270	540	530
1260	520	510
1250	500	490
1240	480	470
1230	460	450
1220	440	430
1210	420	410
1200	400	390
1190	380	370
1180	360	350
1170	340	330
1160	320	310
1150	300	290
1140	280	270
1130	260	250
1120	240	230
1110	220	210
1100	200	190
1090	180	170
1080	160	150
1070	140	130
1060	120	110
1050	100	90
1040	80	70
1030	60	50
1020	40	30
1010	20	10
1000	0	0

Sources: Reuters, AFP

International Herald Tribune

CITICORP: Auction Rate Soars

(Continued from first finance page)

percent rate "a little high," but said the company would make a similar change in the rules on another preferred stock issue, whose rate is to be reset Friday.

"We raised the cap to respond to investor concerns and see what would happen," said Nancy Newcomb, a senior corporate officer. "I think it will take some time for the markets to settle down."

The fact that Citicorp paid substantially less than the ceiling it had set indicated that investors are not totally unwilling to accept the risk of investing in Citicorp. Wednesday's move will help to reassure investors that they will be able to sell such preferred stock at face value at the end of every seven-week period, because the company appears to be able to attract new investors.

The Citicorp move was remarkable in that it represented an offer to pay more than it was contractually obligated to pay. It is roughly equivalent to Citicorp, the banking subsidiary, telling an owner of a long-term certificate of deposit that the bank would raise the interest rate, out of the goodness of its heart.

If a similar policy is extended to all the company's preferred issues and Citicorp's credit standing continues to deteriorate, the additional annual dividend expense could be about \$60 million, based on \$950

million of such preferred outstanding. During the next seven weeks, Wednesday's auction will cost Citicorp about \$365,000 more than it was contractually obligated to pay on the \$100 million issue.

Ms. Newcomb said Citicorp would "keep its options open" regarding whether it would make a similar offer on other issues. But the company is expected to do so.

In New York Stock Exchange trading Thursday, shares of Citicorp were down 25 cents, to \$11.625, the lowest level for the shares since 1982.

What Citicorp did Wednesday was announce plans to raise the maximum dividend rate on \$100 million of auction rate preferred stock. Previously, that maximum was 12 times the commercial paper rate; the new limit is two times the commercial paper rate. Wednesday's auction resulted in a rate of 1.54 times the effective commercial paper yield of 8.128 percent. By contrast, the Morgan rate was only 0.75 times the commercial paper yield.

On Monday, a Citicorp auction came very close to failing, as the auction produced a yield of 9.4 percent, or 1.15 times the commercial paper rate then prevailing. The belief in the market is that the auction probably would have failed had not the original underwriters of the issue, Goldman, Sachs & Co., stepped in and hid.

PHILIPS: Huge Layoffs Planned

(Continued from page 1)

across the board of the activities, he said.

This is by far the most dramatic action Philips has announced since it admitted to shareholders in May that it had been excessively optimistic about its performance, forcing the resignation of Mr. van der Klugt and prompting U.S. shareholders to start legal action against the company on grounds that it had misled them about its prospects.

Angela Dean, electronics analyst at Morgan Stanley in London, said: "For every positive side I see in the announcement, I come up against a negative. We really want Philips to start 1991 with a clean sheet, but now the uncertainty looks set to continue."

When Mr. Timmer took over in July, he announced plans for far-reaching reorganization. His previous cost-cutting actions in Philips' consumer-electronics division had earned him the sobriquet of "the butcher" in the Netherlands.

But management, particularly middle management, is an area at Philips which analysts have long considered to be heavily overstuffed.

"If they said about 1.5 billion guilders of the current 2.7 billion package would account for 10,000 jobs, I don't see why as many as 45,000 jobs should cost them nothing," Mr. Dean said.

Mr. Timmer is distinguishing the 35,000 to 45,000 additional job cuts from the second phase of his reorganization plan, which will involve divisional restructuring. He said Philips would not make any extra provisions for the job cuts. The action, he said, "can be paid for through normal cost budgets — so you must not think this action will have a negative short-term effect on our bottom line."

Analysts met the claim with disbelief.

"If they said about 1.5 billion guilders of the current 2.7 billion package would account for 10,000 jobs, I don't see why as many as 45,000 jobs should cost them nothing," Mr. Dean said.

Mr. Timmer's claim that that first benefit of the restructuring would emerge in 1991 was also greeted with skepticism.

Philips NV

Net quarterly earnings in billions of Dutch guilders



with reorganization costs, said Philip van den Berg, analyst at Goldman Sachs in London.

Mr. Timmer's claim that that first benefit of the restructuring would emerge in 1991 was also greeted with skepticism.

DAF, in a Turnaround, Sees A 'Major' Loss for 1990

Reuters

EINDHOVEN, Netherlands — The Anglo-Dutch truck and van manufacturer DAF NV forecast on Thursday that it would post a "major" loss in 1990, revising an August prediction of a small net profit for the year.

Conditions in the truck industry have deteriorated since August, partly because of the Gulf crisis, DAF said.

DAF did not specify its expected loss. The firm had a net profit of 17.7 million guilders (\$100 million) in 1989.

On Aug. 22, DAF reported a net loss of 32.1 million guilders for the first half, but it said it would make a small net profit for the full year.

That forecast was based on an improvement in results during the second quarter, but since then results have clearly worsened, the company said.

Truck and van sales have resumed their fall in Europe, with the exception of Germany. The British market, which accounted for 43

percent of DAF's turnover last year, has been hit especially hard, DAF said.

To reduce stocks in Britain, DAF said it will cut production further, in addition to measures taken in May.

In August, the company said it had taken the necessary production and cost-control measures to ensure a profit in the second half, especially in Britain, where economic activity has slumped.

The deterioration comes at a time when many analysts have questioned DAF's ability to survive as an independent producer.

The European truck market is highly concentrated, with two-thirds of the market controlled by three companies — Daimler-Benz AG of Germany, the combination of France's Renault and AB Volvo of Sweden, and Iveco, a unit of Italy's Fiat SpA.

DAF, which is 16 percent owned by British Aerospace PLC, had turnover of 5.27 billion guilders last year.

NASDAQ

Thursday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Stock	Div	Yld	PE	High	Low	1/2 Pk	Chg
IBM	3.20	4.8	12.5	125.00	124.00	124.50	+0.50
Microsoft	0.00	0.0	15.0	150.00	148.00	149.00	+2.00
Apple	0.00	0.0	18.0	180.00	178.00	179.00	+2.00
Oracle	0.00	0.0	20.0	200.00	198.00	199.00	+2.00
Sun	0.00	0.0	22.0	220.00	218.00	219.00	+2.00
Intel	0.00	0.0	24.0	240.00	238.00	239.00	+2.00
Motorola	0.00	0.0	26.0	260.00	258.00	259.00	+2.00
Texas Instruments	0.00	0.0	28.0	280.00	278.00	279.00	+2.00
Advanced Micro Devices	0.00	0.0	30.0	300.00	298.00	299.00	+2.00
Linear Technology	0.00	0.0	32.0	320.00	318.00	319.00	+2.00

Stock	Div	Yld	PE	High	Low	1/2 Pk	Chg
Allegro	0.00	0.0	34.0	340.00	338.00	339.00	+2.00
Amlogic	0.00	0.0	36.0	360.00	358.00	359.00	+2.00
Atmel	0.00	0.0	38.0	380.00	378.00	379.00	+2.00
Chips	0.00	0.0	40.0	400.00	398.00	399.00	+2.00
Conquest	0.00	0.0	42.0	420.00	418.00	419.00	+2.00
Creative	0.00	0.0	44.0	440.00	438.00	439.00	+2.00
Dallas	0.00	0.0	46.0	460.00	458.00	459.00	+2.00
Design	0.00	0.0	48.0	480.00	478.00	479.00	+2.00
Electronic	0.00	0.0	50.0	500.00	498.00	499.00	+2.00

Stock	Div	Yld	PE	High	Low	1/2 Pk	Chg
Emulex	0.00	0.0	52.0	520.00	518.00	519.00	+2.00
Enclustra	0.00	0.0	54.0	540.00	538.00	539.00	+2.00
Entirex	0.00	0.0	56.0	560.00	558.00	559.00	+2.00
Espress	0.00	0.0	58.0	580.00	578.00	579.00	+2.00
Everett	0.00	0.0	60.0	600.00	598.00	599.00	+2.00
Exxon	0.00	0.0	62.0	620.00	618.00	619.00	+2.00
Fairchild	0.00	0.0	64.0	640.00	638.00	639.00	+2.00
Fujitsu	0.00	0.0	66.0	660.00	658.00	659.00	+2.00
GenCorp	0.00	0.0	68.0	680.00	678.00	679.00	+2.00

SPORTS

Bad Night For Italy In Soccer

Compiled by Our Staff From Dispatches

AC Milan's Dutch star Ruud Gullit blamed the patchy playing field at San Siro stadium for a poor European Cup performance by the defending champion as Italian fans searched for excuses after a night of disappointments.

Both AC Milan and the league champion Napoli were held to scoreless ties at home by unheralded opposition in the first leg of soccer's European Cup Champions' Cup second round on Wednesday.

Of the eight Italian teams that had qualified for second-round matches — a European record — two were defeated, one other team tied and there were three victories, all away. (See Scoreboard)

Gullit said the field at San Siro, which has been constantly criticized since being relaid for the World Cup finals, had not allowed Milan to play their real game against the highly defensive FC Bruges of Belgium.

Napoli played to a scoreless tie against Spartak Moscow. Napoli's Diego Maradona created two chances for Giovanni Francini and Matteo Baroni, but both their headers hit the post.



Juan José Sánchez and Real Madrid outmaneuvered Tirol, 9-1.

Eckersley and Sandberg Again Are Among Top-Rated Players

By Murray Chass

NEW YORK — Willie McGee, Mike Boddicker and Bud Black were among 19 players who filed for free agency Wednesday, and they also are among 21 players eligible for free agency who have been classified as Type A in the annual ranking statistics.

The ranking statistics, compiled by the Elias Sports Bureau and based on statistics from the last two seasons, determine which free agents require compensation if they move to new teams.

The Oakland Athletics, for example, received a total of five selections before the third round of last June's amateur draft as a result of losing Dave Parker, Storm Davis and Tony Phillips as free agents last year.

The Athletics knew that when they traded for McGee on Aug. 29 they faced losing him as a free agent, but they also knew they had a chance of getting two high draft choices if he were a Type A free agent.

In the ranking group of American League designated hitters, first basemen and outfielders, McGee is 28th. The first 35 players, or the top 30 percent of the group, are classified as Type A.

Although the ranking statistics are compiled for the purpose of determining the types of free agents, they serve as the only official way to compare players in a system developed by labor representatives of the players and the owners.

In this year's rankings, Ryne Sandberg of the Chicago Cubs is the top-rated National League second baseman for the seventh straight year, but Ozzie Smith of St. Louis was topped from the No. 1 shortstop slot after a six-year run. Barry Larkin of Cincinnati is rated No. 1, with Smith

now third behind Shawn Dunston of the Cubs. Cal Ripken Jr. of Baltimore had been the No. 1 shortstop in the American League in five of the previous six rankings, but he fell to third behind Alan Trammell of Detroit and Tony Fernandez of Toronto.

First baseman Don Mattingly of the Yankees suffered one of the most significant falls, from No. 1 in 1985-86-87, to second in 1988 and tied for second last year, to seventh this time, a notch ahead of Cecil Fielder of Detroit, who wasn't even in the major leagues last year.

Dennis Eckersley of Oakland was the No. 1 relief pitcher in the American League for the third straight year while Rob Dibble of Cincinnati was top-ranked in the National League. The No. 1 starting pitchers were Dave Stewart of Oakland and Doug Drabek of Pittsburgh.

Carlton Fisk of the Chicago White Sox was the top-ranked AL catcher for the third straight year, and Mike Greenwell of Boston was the No. 1 outfielder for the second year in a row, despite an off-season.

Wade Boggs of Boston, despite the lowest batting of his career (.302), regained No. 1 among third basemen, bumping Kelly Gruber of Toronto.

Kevin Mitchell supplanted San Francisco teammate Will Clark in the ranking group of first basemen and outfielders after two years.

Dwight Evans of Boston tied with Parker, now with Milwaukee, as the highest-ranked designated hitter, but Evans learned Wednesday he has a new status. The Red Sox decided not to pick up his option on his contract for 1991, buying out the option for \$200,000 instead of giving him a \$1.3 million salary.

Free Agent Filings

The following players have filed for free agency with the Major League Baseball Players Association. Players with asterisks are members of major league clubs who were selected to be protected under the reserve clause.

AMERICAN LEAGUE
BALTIMORE — Joe Price, 1hp; Mickey Tettleton, c.
BOSTON — Mike Boddicker, 1hp; Tom Brunansky, c.
CALIFORNIA — Max Venable, c.
CHICAGO — Phil Bradley, c.
CLEVELAND — Candy Maldonado, c.

DETROIT — Daniel Coles, in-of; Edwin Murray, 1hp; Dan Pustay, 1hp; Larry Sheets, c.
KANSAS CITY — Andy McGaffigan, 1hp; Gerald Perry, 1b; Steve Farr, 1hp; Milwaukee — Rob Deer, c; Bill Krueger, 1hp; Ted Higuera, 1hp.
MINNESOTA — John Moses, c.
NEW YORK — Tim Lincecum, 1hp; Dave Righetti, 1hp; Jeff Robinson, 1hp.
OAKLAND — Ron Hassey, c; Willie McGee, c; Jamie Quirk, c-in.
SEATTLE — Matt Young, 1hp.
TEXAS — Charlie Hough, 1hp; Craig McMurtrey, 1hp.
TORONTO — Bud Black, 1hp.

NATIONAL LEAGUE
ATLANTA — Jim Presley, 3b.
CINCINNATI — Danny Jackson, 1hp; Bill Doran, 2b.
HOUSTON — Terry Puhl, c; Franklin Stubbs, 1b-of; Glenn Wilson, c.
LOS ANGELES — Kirk Gibson, c; Jason Samuel, c-in.
MONTREAL — Kevin Gross, 1hp.
NEW YORK — Danny Strawberry, c; Pat Tabler, c-in.
PHILADELPHIA — Darren Daulton, c.

PITTSBURGH — Rafael Bellard, c; Gary Redus, c; R.J. Reynolds, c.
ST. LOUIS — Vince Coleman, c; Ken Dayley, 1hp; Terry Pendleton, 3b; John Tudor, 1hp.
SAN DIEGO — Eric Show, 1hp.
SAN FRANCISCO — Gary Carter, c.

SIDELINES

ATP Proposes a Merger Of Men's Tennis Finals

FRANKFURT (AP) — The ATP men's tennis tour has proposed merging its season-ending World Championships with the Grand Slam Cup, the tour's chief executive officer said.

Mark Miles said Thursday that the Association of Tennis Professionals believes a future merger of the two events would be in the best interest of the game. He said the proposal would not affect this year's schedule.

The inaugural Grand Slam Cup, organized by the International Tennis Federation and scheduled for Dec. 11-16 in Munich, has raised controversy by offering a record \$6 million in prizes.

Korean Unity on Table

SEOUL (AP) — North and South Korea agreed to begin talks to discuss the formation of a single Korean team for international events, including the 1992 Barcelona Olympics, sports officials of both sides said Thursday.

The first round of talks is scheduled for Nov. 29 at the border town of Panmunjom.

Disease Strikes Lemieux

PITTSBURGH (AP) — Center Mario Lemieux of the Pittsburgh Penguins is being treated for a rare bone infection that often leads to debilitating pain and cripples some of its victims. The disease is a form of vertebral osteomyelitis, which damages the bony portion of the spine. The Pittsburgh Press reported Thursday. The team orthopedist, Charles Burke, said he believes Lemieux should recover completely.

Ferrari Demands Action

MILAN (AP) — Ferrari may quit Formula One auto racing if the sport's governing body does not curb irregularities that marred the last two world championships. Fiat's managing director was quoted as saying Thursday.

"We are not willing to sacrifice capital, men and work to build the best car and see it knocked out at the first turn," Cesare Romiti told Gazzetta dello Sport, the Italian daily, conceding he was upset over the collision of a McLaren-Honda driven by Ayrton Senna and Alain Prost's Ferrari in the Grand Prix of Japan.

Lyle Halts U.S. Link

VALDERAMA, Spain (AP) — The former U.S. Master's champion Sandy Lyle of Scotland said he will give up his U.S. Tour card for next season, meaning there will be no European Tour players left with a U.S. card.

Lyle, like other Europeans including Nick Faldo, Severiano Ballesteros and Bernhard Langer, feels that having to compete in 15 U.S. tournaments to qualify is too much.

For the Record

Canadian downhill skier Dave Murray, 37, one of the "Crazy Canucks" who shook up the European-dominated World Cup circuit in the 1970s, died of cancer Tuesday night. (Reuters)

Cavaliers, With \$27-Million Man Williams, Hope and Pay to Be Contenders in NBA

By Sam Goldaper

NEW YORK — Not too long ago, the Cleveland Cavaliers were the joke of the National Basketball Association. They finished the 1986-87 season with a 31-51 record. And their payroll was as modest as their accomplishments: \$4.8 million for the 1986-87 season, including \$150,000 for an insecure rookie from Tulane named John (Hot Rod) Williams.

But all that has changed. The Cavaliers are playing better basketball (42-40 last season) — and they are paying for it.

This season, the payroll for Cleveland's 12-man roster will total \$15,700,000, by far the highest in the league. The New York Knicks have the second highest player payroll at \$13.4 million.

The Cavaliers estimate they will have to draw an average of 18,000 fans to the 20,273-seat Richfield Coliseum, to help meet their players' salary costs. Last season they averaged 16,989 fans; they averaged 17,277 the season before.

How did the Cavaliers salaries skyrocket?

No player signifies the dramatic increase more than 25-year-old Williams. Despite being considered a good-but-not-great power forward, on Aug. 22 he received a free-agent offer sheet worth \$27.5 million over seven years from the Miami Heat. The offer was heavily front-loaded with a \$4 million signing bonus to discourage Cleveland from matching the bid, but the Cavaliers matched the offer.

Thus, the 6-foot, 11-inch (2.10-meter) Williams, who averaged 17 points and eight rebounds a game last season, will earn \$5 million this season, \$1 million in salary and a \$4 million signing bonus.

Two months earlier, Cleveland had awarded a \$34 million contract to Danny Ferry, a forward who spent last season playing in Italy. The 10-year deal is backloaded, meaning the bulk of the money will come in the later years (\$1.6 million in the last four years). This season, the former all-American at Duke will be paid \$2 million in salary, plus a \$1 million bonus he received a month after his signing.

In addition, the Cavaliers matched a

\$500,000 offer that the Minnesota Timberwolves made to Steve Kerr, who led the league in three-point shooting percentage last season. They re-signed Chuck Brown for \$500,000 plus incentives and Winston Bennett for \$400,000. The Cavaliers also reworked the contracts of 7-foot-1 center Brad Daugherty; Larry Nance, the 6-foot-10 rebounding specialist; Mark Price, the playmaker, and 6-foot-7 swingman Craig Ehlo.

"We didn't budget for our payroll to be the largest in the league," the Cavaliers' general manager, Wayne Embury, said. "It was forced upon us by Miami's offer sheet to Williams. Miami's circumstances were such that they had the money to spend to reach its minimum salary under the cap."

By matching the offer to Williams, the Cavaliers put themselves well above the \$11.8 million salary cap, which sets a limit on the total player salaries each team may spend. Teams may exceed the cap only to sign their own veteran free agents or match an offer sheet given them. Teams over the cap, however, are

restricted from further increasing their payroll, either by trades or by signing a free agent.

Although the outlay for salaries is \$15.7 million this season, the Cavaliers, for salary cap purposes, can spread out the signing bonuses to Williams and Ferry over the lengths of their contracts. Thus, their payroll in relation to the cap is only \$14.3 million.

Despite the huge payroll, Embury believes the Cavaliers will make a profit this season from attendance, their share of the four-year, \$600 million television contract with NBC, incomes from their own television and radio revenue and money the league generates from its merchandising and entertainment divisions.

But Embury is wary about the Cavaliers being so far over the cap.

"It could really be trouble for us in the future, if we don't win this year," said Embury, who recalled that the first NBA contract he signed in 1958 with the Cincinnati Royals was for \$6,300.

"You can't have as high a payroll as ours and

be mediocre. I won't be satisfied until we win a championship."

In the early 1980s, the Cavaliers, under the ownership of Ted Stepien, defined futility in professional sports after trading away nine straight first-round draft choices.

The reshaping of the Cavaliers began in June 1986 with the hiring of Embury as general manager. He talked Lenny Wilkens, then the Seattle SuperSonics' general manager, into returning to coaching. He hired Gary Fitzsimmons as the director of player personnel.

The three originally estimated it would take five years to get the Cavaliers back on the right track. The turnaround came much earlier than expected with sound management from the Grand Brothers, Gordon and George, who bought the team in 1983. Embury's trading and drafting and Wilkens' coaching.

"Cleveland could be one of about eight teams to win it all this season," Chuck Daly, coach of the Detroit Pistons, said recently. "They are beautifully coached, a tough team to defend against."

BOOKS

CASEY: From the OSS to the CIA

By Joseph E. Persico. 601 pages. \$24.95. Viking Inc., 40 West 23d Street, New York, N.Y. 10010.

Reviewed by James Bamford

THE heavy blue Oldsmobile with its thick, bulletproof windows accented westward. In the back seat a tall, rumpled man with the code name "Baron" pored through a pile of papers that overflowed his lap. Ahead was the darkest place in the American government.

A few days after he was sworn in as the nation's 13th director of Central Intelligence, William J. Casey arrived at the front entrance of his new headquarters in Langley, Virginia. He stepped into the first of what would become a national nightmare of bad judgments, scandals and, quite likely, criminal activities.

There to greet him was Max Hugel, a rich computer salesman and fund-raiser who was short on experience, vocabulary and business ethics but long on lavender leisure suits and heavy gold chains. To Casey, he was just the man to head up the CIA's most sensitive and critical organization, the directorate of operations, responsible for worldwide espionage and covert activities. Eventually appointed, he lasted two months before embarrassing audio tapes of telephone conversations, suggesting insider trading, turned up at The Washington Post.

"Casey: From the OSS to the CIA" by Joseph E. Persico is the first biography of Casey to be authorized by the family of the late CIA director. It is also the first close look at the Casey years since "VEIL: The Secret Wars of the CIA 1981-1987" by the Post's Bob Woodward. According to Persico, he was granted exclusive access to Sophia Casey, the former director's widow, to more than 300,000 pages of Casey's personal papers. But despite the unique access to both people and papers the portrait of the man who emerges from Persico's book is only slightly less devastating than the one that emerged from Woodward's "VEIL," and which was severely attacked by the Casey family.

Although no one could have predicted exactly when or where it would happen, the combustible materials thrown together in the days following the 1980 Reagan election made a disastrous explosion inevitable. Ronald Reagan, a man unburdened by deep thought, needed a place for the person who directed his campaign, preferably a low visibility position, since Casey's rumbling, awkward style did not lend itself to high profile jobs. The solution was the CIA.

The idea of placing the president's chief political operator in one of the most sensitive, traditionally apolitical positions in the U.S. government seemed to bother no one in the administration. In fact, Persico quotes retired Vice Admiral Bobby Inman, then Casey's deputy, as saying his boss spent far more time, on the phone

with the president talking politics than intelligence.

If one-time actor Ronald Reagan often viewed world events as though they were taking place on a Hollywood sound stage, Casey frequently saw the world through the eyes of his hero and former commander, General William J. (Wild Bill) Donovan, the bold risk-taking founder of the Office of Strategic Services, the wartime predecessor of the CIA. Casey saw himself as Donovan and his OSS was the rag-tag army of combat soldiers fighting the evils of world communism in Nicaragua before it reached the U.S. shores.

Casey feared leaks from Congress, yet regularly blabbed to a well-known reporter. He was rabidly anti-communist, yet thought nothing about subverting his own nation's democratic process. He publicly argued against negotiating with terrorists while secretly facilitating an arms for hostages deal.

On Jan. 29, 1987, six years from that day he arrived for his first day at America's top spy, William Casey lay on a stiff hospital bed near death from brain cancer and surrounded by bitter scandal. At his side was his wife and his deputy Robert Gates, who had brought a typed letter of resignation for him to sign.

James Bamford, author of "The Puzzle Palace," an examination of the National Security Agency, is the Washington investigative producer for ABC News. He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

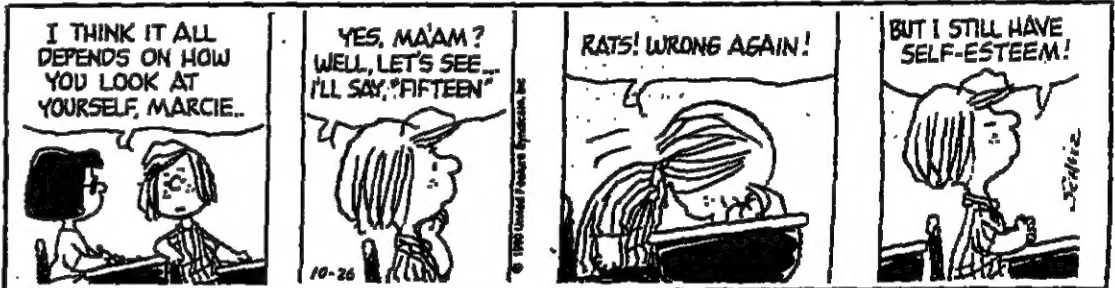
THE longest event in the New York calendar, the Von Zedtwitz Double Knockout Teams, will end its 1989-90 season next month just as the next season begins. One team in the final is led by Steve Sanborn of Stony Point, New York, and it will face a group led by Jim Becker of Manhattan. In one semifinal match, played Monday night at the Beverly Club in Manhattan, the Becker team won handily against a group led by Glenn Milgrim of Whitehouse, Queens. Becker's team was aided by the diagrammed deal, in which both teams reached four hearts. At one table the South played for the Becker team was Phillip Martin of Manhattan, and he faced the lead of the club jack. He threw a spade from the dummy, allowing East to win with the king. East shifted to a spade, and as South realized later the most effective play was to take the ace and return the suit. In practice he finessed and West missed his chance after winning with the king. If he had shifted to a trump, South would have had no way to take 10 tricks against a careful defense. Instead West persevered with a second club, and Martin threw a diamond from the dummy. This allowed East to win another club trick, but the contract was safe. South was able to maneuver a discard of a diamond loser on the spade queen, ruff one club and draw trumps, helped by the fall of the queen. He made five trump tricks, one club ruff, two spade tricks and a trick in each minor suit. The Becker team gained 13 imps on the transaction, for the same contract failed by two tricks in the replay.

NORTH (D)
♠ Q632
♥ A K 3
♦ Q J 10 6 4 3
♣ 9 7 4
EAST
♠ 9 7 4
♥ 10 8 4
♦ 5
♣ A K 8 6 5 3

SOUTH
♠ 3 2 7 3 2
♥ A 10
♦ A 10
♣ Q 7 2

The bidding:
North South West East
10 34 30 Pass Pass
10 Pass Pass Pass
West led the club jack.

PEANUTS



BEETLE BAILEY



ANDY CAPP



WIZARD of ID



REX MORGAN



GARFIELD



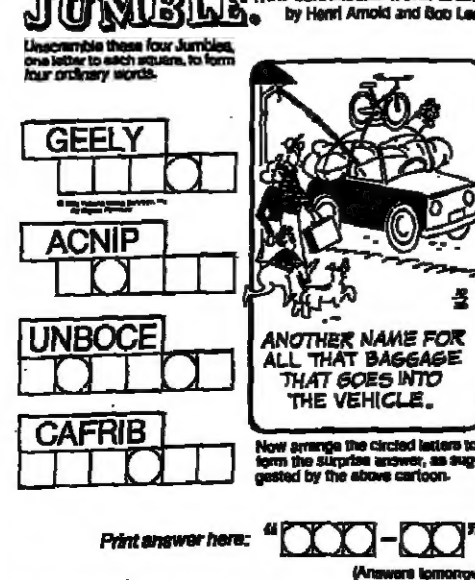
DOONESBURY



DENNIS THE MENACE



JUMBLE



BLONDIE



"It's OKAY, MOM, IF YOU WANT TO SPLASH ME BACK"

